Mastek

Delivering business impact...
customer by customer.

Annual Report
2010-2011

Mastek

we bridge the gap between IT and business… between what companies are and what they can be.

In our chosen domains we power the journey-to-business impact.

We bridge IT and business

Mastek is a management and technology services solutions provider. Our core expertise lies in building, deploying and maintaining technology solutions for businesses and governments worldwide. We operate at the higher end of the IT value chain creating technology-related solutions for customers that enable them to run their businesses more innovatively, compete more effectively, operate more efficiently and become more profitable. We are proud to have worked on a number of unique and complex programs that have achieved 'highly visible' business impact for our clients.

And just to further emphasise it – the acronym of our name, MASTEK, literally sums up what we do and what we stand for – Management and Software Technology – we bridge the gap between IT and business… between what companies are and what companies can be.

We approach all engagements with long term relationship orientation.

Powering the journey to business impact

Government & Public Sector & Strategic Programs

- Sales Tax Administration and Audit System for one of the most progressive states in India (Largest state with annual tax collections of $9 Billion) helped increase tax collections by 400% over the last 10 years.*

- Reducing traffic congestion and pollution in one of Europe's largest cities by 20% with camera-capture and payment reconciliation every day.*

- Developing custom-made finance and sales function applications and operations support for more than 7 years for one of the most renowned and popular software companies in the world.*

*Customer confidentiality prevents us from revealing client names

We make IT
more relevant
and valuable
to business.

Powering the journey to business impact

Insurance Life, Health and P & C

- Building and deploying a new age distribution application serving over 150,000 agents and 8 million policies with extensive data migration for a South East Asian holding of a global insurance company.*

- Developing 9 systems which form the backbone of health services, ePrescriptions, physician performance, health records for a company in the UK.*

- A US-based Insurance company has been ranked first for the automated claims processing system developed by Mastek.*

- A Large Fraternal Life Carrier – a transformation program to reduce policy acquisition costs by 30% through straight through processing and move to a new age policy administration platform.

- US mutual Insurance company serving credit unions: an automated claims processing system that consolidated around 12 claims systems into 1 and reduced claims processing time by 70%.

*Customer confidentiality prevents us from revealing client names

We take
on challenging
engagements that
create high impact.

Inspiring business to break new ground

Innovation & Industry Platforms

- **Using mobile technology to enhance patient care**
  Mastek's innovative mobile solution for a US healthcare solutions company provides doctors and First Responders with real time, anywhere access to secured medical information on the patient, thus enabling quick and efficient patient care.*

- **Mastek launches Kameleon™, an innovative new product for Data Privacy Protection.**
  Kameleon™, developed in 2010 is Mastek's innovative and unique data privacy product that provides next generation pseudonymisation capability to protect data when transported over cloud-based architectures, and shared with third parties. This ground breaking tool (patent pending), enables organizations to safely share any dataset without compromise to legislation and without risk of embarrassing raw data losses.

- **Android tablets enhance efficiency of the Auto Insurance Claims Process**
  Using mobile technology, Mastek's "Auto Surveyor" developed for Cholamandalam MS, provides faster turnaround time, improved efficiency and fraud reduction in the Auto Insurance Claims Survey Process.

*Customer confidentiality prevents us from revealing client names

Our domain focus and intellectual property and knowledge assets speeds up business impact.

New age industry platforms

Masteks investments and enhancements

- **ELIXIR**
  In 2010/11, Mastek has continued to invest in enhancements to our product portfolio and expansion to our Intellectual Property asset base for insurance businesses.

  In North America, the Property & Casualty Insurance unit launched a new generation of the STG Billing system which delivers high levels of flexibility to both large and mid-size insurers.

  For Life and Annuities Insurance Division in North America, the acquisition of SEG and continued enhancements has formed the basis for the new Elixir NA Policy Admin System, complete with rich business content and ease of configuration that allows for unparalleled speed of implementation.

  The Elixir UK flagship product saw further extension that enabled the Mastek Insurance division in the UK to deliver a full-fledged Group Insurance solution that has garnered significant market interest. As a globally available product, Elixir Distribution Management was optimised to address the specifics of the Retail Distribution Review regulatory requirements that will go into effect in the UK in 2012.

  In Asia, the continued enhancement of Elixir Asia with support for multiple languages, currencies and country regulations has enabled the successful customer delivery of the product in several Asian countries.

The effort now would be to build on our new relationships and scale them to meaningful proportions.

Dear Shareholders,

The past year was another tough year for Mastek. The economic downturn as well as the changes in the UK Government continued to impact spending on transformation initiatives – impacting both the private sector and the public sector. Consequently, as a provider of IT platforms that support our clients' transformation programs, we continued to operate in a challenging demand environment.

We ended the year under review with total income of Rs. 614.2 crore, a net loss of Rs. 55.9 crore and cash and cash equivalents (including investment in Mutual Funds) of Rs. 159.02 crore. The net loss for the year included an exceptional item of Rs. 27.2 crore towards write off of goodwill of Vector Insurance services. A combination of factors including the increasing strain on the UK economy where government spends have been reduced, a key client of ours ramping down its business and sales cycles getting increasingly elongated had an impact on the financial performance of the Company for FY 2011.

Despite strain on the revenue, we continued to make substantial investments in our insurance product portfolio. We believe these investments are necessary to consolidate our position as an IP-led solutions provider. During the year under review, the product development spends were Rs. 39.8 crore as compared to Rs. 38.9 crore in the previous year. Other investments were in form of greater than normal salary hikes to retain the best talent that drives the Mastek engine as well as greater S G & A costs in terms of sales and marketing expenses in order to be able to address the available opportunity.

To enable our customers to realise business impact, we have aligned our business units into 8 distinct verticals or value corridors across 3 geographies. Value Corridors operate as a business unit that is responsible for a set of value propositions that are taken to a target market in a consistent, scalable fashion – enabling delivery of superior differentiated value to our clients and partners by aligning all aspects of value delivery namely – marketing, sales, engagement/solutioning, delivery and our platforms, products and productized services.

At Mastek – these are exciting times and exciting new technologies promise far reaching impact to the way enterprises and governments can serve their customers and citizens. We look to be at the forefront of this 'new connected age' in driving value to our customers and impacting the world.

We started the year with a clear objective of building our order book. The multiple steps mentioned above have been a step in that direction. We are beginning to see improvements being realised as a result of these steps even though it has taken a while to see tangible results. Our 12 month order backlog now stands at Rs. 309 crore. We have been able to make significant additions to our client portfolio in both the insurance and government verticals. During the last financial year, we added 14 new clients which is a clear indication of increased traction that we are witnessing in the markets. The effort now would be to build on these relationships and scale them up to meaningful proportions.

During the year, we also acquired SEG Software, LLC, a leading provider of policy administration systems covering individual and group life, health & annuity insurance products. This acquisition reinforces our commitment to the North American insurance market and will expand our presence and capabilities in the life and annuity policy administration arena.

Mastek is working with Foresters, a life insurance provider, as a technology partner in their major transformational initiative to modernise Foresters infrastructure. The Foresters partnership will leverage our insurance technology solutions in three major areas of business transformation – New Business and Underwriting, Policy Administration and Producer Portal. This is a clear example of a business impact solution where Foresters will be able to derive dramatic cost savings in both policy acquisition and inforce maintenance.

Mastek was also selected as partner of choice by the Social Justice Department of the State of Maharashtra to implement the e-scholar -ship programme which will benefit over 32 lakh students in the state. Apart from enabling granting procedures, the solution caters to processes of scholarship suspension, renewal and cancellation. The system also provides the department with MIS to monitor and analyse the scholarship distribution and disbursement. This is another example of a solution that benefits the end customer by ensuring complete transparency and thereby eliminating fraud in the system. These are but just a few examples of instances where Mastek has delivered business impact to customers.

We operate at the higher end of the IT value chain creating technology-related solutions for customers that enable them to run their businesses more innovatively, compete more effectively, operate more efficiently and become more profitable.

Our focus remains on sustaining the momentum we have achieved and starting the new financial year with a strong order backlog position. We are committed to restoring the margins and bringing back revenue growth and we are already seeing some signs of the same through the new wins in the last two quarters. We are confident that this momentum will continue and the company's performance would slowly but surely reflect the same in the foreseeable future.

On behalf of the board, I would like to place on record my heartfelt appreciation to all our investors, employees and customers who have stood by us in these tough times. I am sure that your support will ensure that Mastek regains its pre-eminent position as a provider of high-end IP leveraged solutions to its customers.

Sudhakar Ram
Chairman and Managing Director

The Board of Directors

Dr. Rajendra Sisodia
Non-Executive Director
(Independent)

Mr. Sundar Radhakrishnan
Executive Director

Mr. Venkatesh Chakravarty
Non-Executive Director
(Independent)

Mr. Sudhakar Ram
Chairman & Managing Director

Ms. Priti Rao
Non-Executive Director
(Independent)

Mr. Ketan Mehta
Non-Executive Director

Mr. Anil Singhvi
Non-Executive Director
(Independent)

Mr. Ashank Desai
Non-Executive Director

BANKERS

ICICI Bank
Standard Chartered Bank

AUDITORS

Price Waterhouse

REGISTERED OFFICE

804/805, President House, Opp. C. N. Vidyalaya,
Near Ambawadi Circle, Ahmedabad 380 006, India

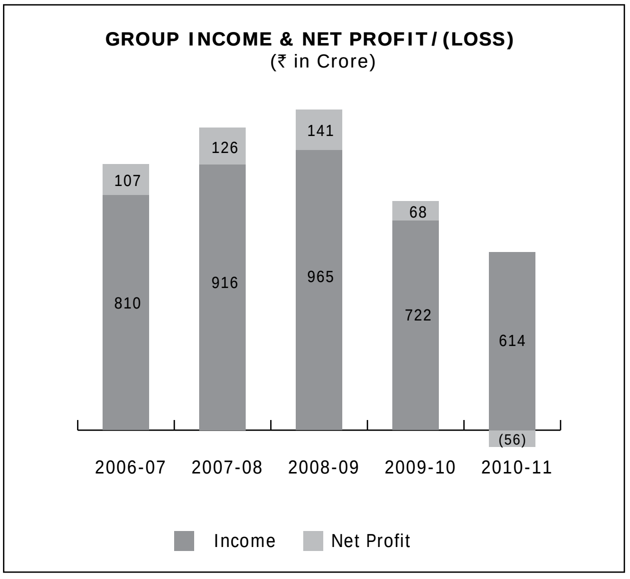
REGISTRAR AND SHARE TRANSFER AGENT

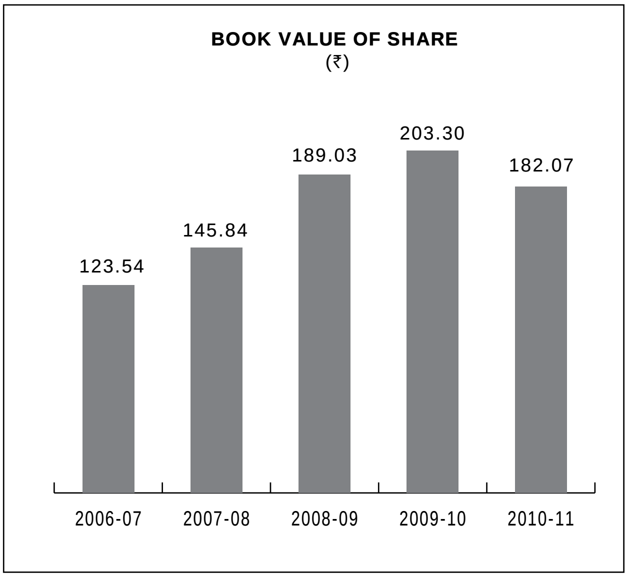
Sharepro Services (India) Private Limited,
Samhita Warehousing Complex, 13AB, Gala No. 52
Near Sakinaka Telephone Exchange,
Off Andheri - Kurla Road,
Andheri (East), Mumbai 400 072, India

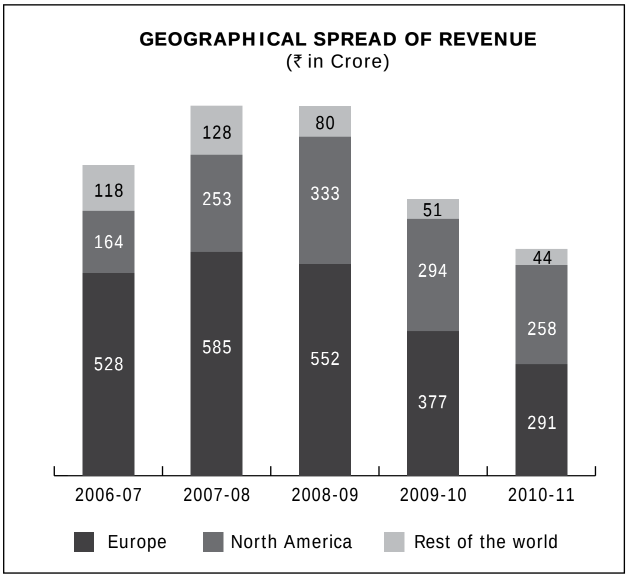
MASTEK GROUP – MANAGEMENT TEAM

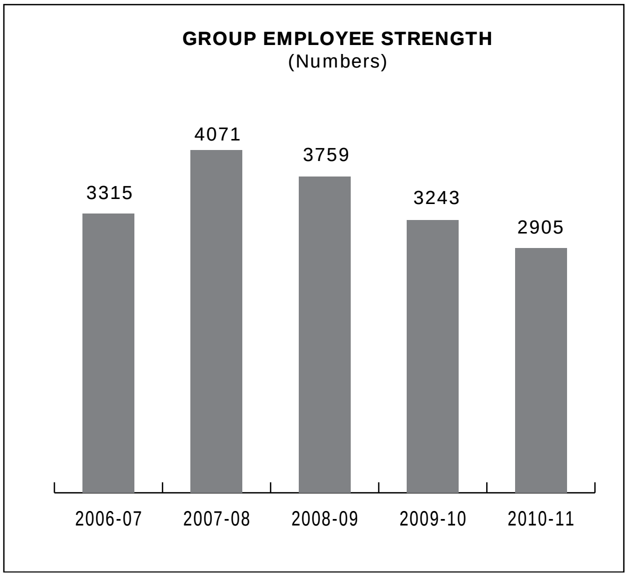
• **Sudhakar Ram**	–	Chairman & Managing Director
• **Barry Yard**	–	Business Head - United Kingdom
• **Vinay Rajadhyaksha**	–	Chief Delivery Officer
• **Stefan Vanovertveldt**	–	Chief Engineer
• **Farid Kazani**	–	Group CFO & Finance Director
• **Kalpana Jaishankar**	–	Group Head - Human Resources
• **Ketan Mehta**	–	Co-Founder & CEO MajescoMastek
• **R. Sundar**	–	Co-Founder & Executive Director

PERFORMANCE ANALYSIS OF MASTEK GROUP

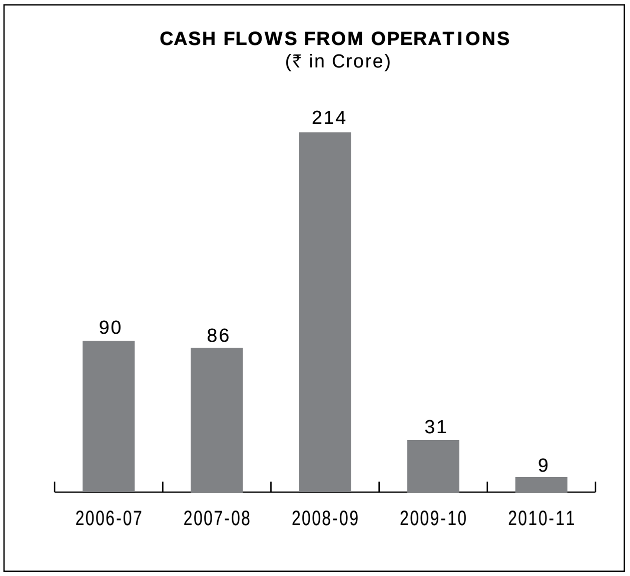


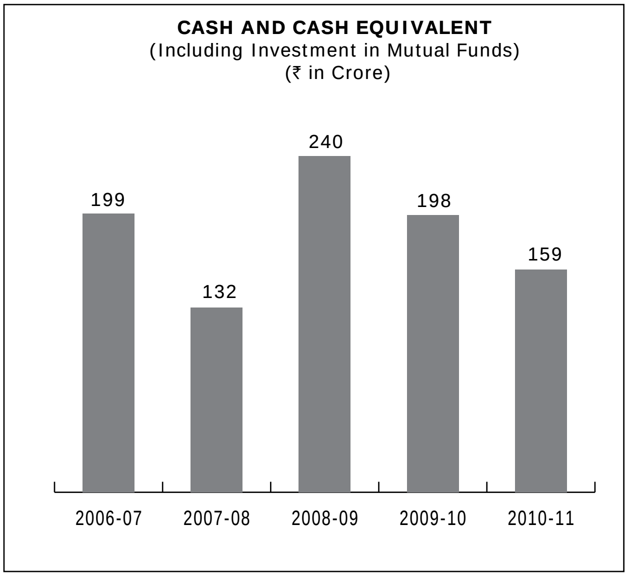


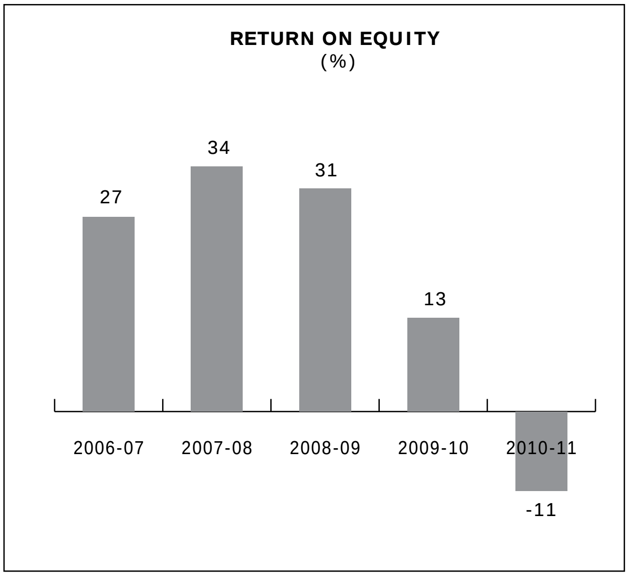




PERFORMANCE ANALYSIS OF MASTEK GROUP







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Notice to Members

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of MASTEK LIMITED will be held at the GICEA, NIRMAN BHAVAN, Opp. LAW GARDEN, ELLIS BRIDGE, AHMEDABAD - 380 006, on Friday, September 23, 2011 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended on June 30, 2011, the Balance Sheet as on that date together with Reports of the Directors and the Auditors' thereon and the consolidated financials along with the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Anil Singhvi, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Rajendra Sisodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 012754N), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. **Appointment of Ms. Priti Rao as a Director**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Ms. Priti Rao, who had been appointed as an Additional Director of the Company with effect from January 17, 2011 and who, in terms of Section 260 of the Companies Act, 1956, and Article 119 of the Articles of Association of the Company, holds office of directorship up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Ms. Priti Rao, as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

6. **Appointment of Mr. Venkatesh Chakravarty as a Director**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Mr. Venkatesh Chakravarty, who had been appointed as an Additional Director of the Company with effect from June 23, 2011 and who, in terms of Section 260 of the Companies Act, 1956, and Article 119 of the Articles of Association of the Company, holds office of directorship up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Venkatesh Chakravarty, as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

7. **Waiver of recovery of excess remuneration paid to Mr. Sudhakar Ram, Chairman and Managing Director**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** subject to the approval of Central Government pursuant to sub-section (5B) of Section 309 of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the consent of the Company be and is hereby accorded for waiver of recovery of excess amount of remuneration of ₹ 63.36 Lakhs already paid to Mr. Sudhakar Ram, Chairman and Managing Director, being in excess of the statutory permissible remuneration in case of loss or inadequacy of profits i.e. ₹ 4 Lakhs per month (₹ 48 Lakhs per annum) as provided in the said Act read with Schedule XIII to the said Act for the financial year ended June 30, 2011, as per resolution passed by the shareholders by postal ballot on March 20, 2009.

   RESOLVED FURTHER THAT Mr. Bhagwant Bhargawe, Company Secretary, be and is hereby authorized to make an application to the Central Government pursuant to this resolution and that he is also authorized to do all such acts, deeds and things as may be required to be done in this regard including making of representation before the Central Government."

8. **Waiver of recovery of excess remuneration paid to Mr. Radhakrishnan Sundar, Executive Director of the Company**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** subject to the approval of Central Government pursuant to sub-section (5B) of Section 309 of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act"), consent of the Company be and is hereby accorded for waiver of recovery of excess amount of remuneration of ₹ 22.40 Lakhs already paid to Mr. Radhakrishnan Sundar, Executive Director of the Company, being in excess of the statutory permissible remuneration in case of loss or inadequacy of profits i.e. ₹ 4 Lakhs per month (₹ 48 Lakhs per annum) as provided in the said Act read with Schedule XIII to the said Act for the financial year ended June 30, 2011, as per resolution passed by the shareholders by postal ballot on March 20, 2009.

RESOLVED FURTHER THAT Mr. Bhagwant Bhargawe, the Company Secretary, be and is hereby authorized to make an application to the Central Government and to do all such acts, deeds and things as may be required to be done in this regard including making of representation before the Central Government."

9. **Re-appointment of Mr. Sudhakar Ram as Chairman and Managing Director**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act"), the approval of the Central Government, the relevant provisions of the Memorandum and Articles of Association of the Company, and receipt of such statutory approvals, if any, as may be necessary, being obtained from the appropriate authorities to the extent applicable or necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consent of the Company be and is hereby accorded to (i) modification in the term of appointment to end on June 30, 2011 and (ii) the re-appointment of Mr. Sudhakar Ram as the Chairman and Managing Director of the Company for a period of 3 years with effect from July 1, 2011 up to June 30, 2014, upon terms and conditions including remuneration as set out in the draft agreement to be entered into between the Company and Mr. Sudhakar Ram, a copy whereof is available for inspection at the registered office of the Company between 11.00 a.m. and 2.00 p.m. on all working days from Monday to Friday and the relevant terms whereof are specified in the Explanatory Statement thereto, which terms and conditions shall be effective from July 1, 2011 ('the draft agreement') with liberty to the Board (which term shall include any committee constituted or to be constituted by the Board) from time to time to alter the said terms and conditions of his appointment, including salary, allowances and perquisites, in such manner as may be agreed to between the Board and Mr. Sudhakar Ram and in excess of the limits prescribed in Schedule XIII to the said Act.

RESOLVED FURTHER THAT in the event of inadequacy of the profits, the remuneration as mentioned in the Explanatory Statement shall be the Minimum Remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to this resolution."

10. **Appointment of Mr. Radhakrishnan Sundar as Executive Director**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), ("the Act"), the approval of the Central Government, the relevant provisions of the Memorandum and Articles of Association of the Company, and receipt of such statutory approvals, if any, as may be necessary, being obtained from the appropriate authorities to the extent applicable or necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consent of the Company be and is hereby accorded to (i) modification in the term of appointment to end on June 30, 2011 and (ii) re-appointment of Mr. Radhakrishnan Sundar as the Executive Director of the Company for a period of 3 years with effect from July 1, 2011 up to June 30, 2014, upon terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. Radhakrishnan Sundar, a copy whereof is available for inspection at the registered office of the Company between 11.00 a.m. and 2.00 p.m. on all working days from Monday to Friday and the relevant terms whereof are specified in the Explanatory Statement thereto, with further liberty to the Board (which term shall include any committee constituted or to be constituted by the Board) from time to time to alter the said terms and conditions, of his appointment including salary, allowances and perquisites, in such manner as may be agreed to between the Board and Mr. Radhakrishnan Sundar and in excess of the limits prescribed in Schedule XIII to the said Act.

RESOLVED FURTHER THAT in the event of inadequacy of the profits, the remuneration as mentioned in the Explanatory Statement shall be the Minimum Remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to this resolution."

NOTES:

1. **A MEMBER ENTITLED TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Businesses to be transacted at the Annual General Meeting is annexed thereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 16, 2011 to September 23, 2011 (both days inclusive).

4. Members are requested to immediately notify any change in their addresses and E-mail IDs to the Depository Participant/Registrar and Share Transfer Agent of the Company at the following address:

   Sharepro Services (I) Pvt. Ltd.
   Samhita Warehousing Complex
   13AB, Gala No. 52,
   Near Sakinaka Telephone Exchange,
   Off. Andheri-Kurla Road,
   Andheri (East), Mumbai – 400 072
   E-mail: indira@shareproservices.com/
   sarita@shareproservices.com

5. The unclaimed dividend for the financial year ended June 30, 2003 has been transferred to the Investor Education and Protection Fund as per provisions under section 205 (c) of the Companies Act, 1956.

6. Members who have not yet encashed their dividend warrants for the financial year ended June 30, 2004 onwards, are requested to make their claims to the Company.

7. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.

8. Information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, relating to the Code of Corporate Governance, regarding Directors seeking appointment and re-appointment is as follows.

Name of Director	**Ms. Priti Rao**
Resume of the Director	• Ms. Rao is a post graduate in Computer Science from the Indian Institute of Technology (IIT), Mumbai. In her 24 years of diverse experience, building and delivering a range of IT services for customers located across five continents, Ms. Rao has held very senior positions with global teams for best of breed IT companies. She has had long innings with Infosys as a senior executive heading the Pune development centre and heading their infrastructure services business. • Ms. Priti Rao is widely recognized as an accomplished business leader and was conferred with the prestigious "IT woman of the year award" for 2002 by the Computer Society of India, and also the "Pune 2007 Super Achievers Award" in August 2007.
Year of Joining the Board	2011
Expertise in specific functional area	Experience in building and delivering a range of IT services for customers located across five continents.
Other Directorships	1. Systems Task Group International Ltd.
Chairman/member of committees of the Company	• Audit Committee – Member • Compensation Committee – Member • Governance Committee – Member
No of Board Meetings attended during the year	4
No of shares held in the Company	Nil

Name of Director	**Mr. Venkatesh Chakravarty**
Resume of the Director	• Mr. Chakravarty is the Head of Life & Health business and a Director on the board of Swiss Re Services India Private Limited. • He is qualified as an Associate member of the Chartered Insurance Institute, UK (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management studies and a Bachelor of Arts degree in Economics. • He joined Swiss Re Life & Health in September, 1998 as a Business Development Manager in London, responsible for Life & Health business in India. He worked in Swiss Re, London for nearly a year before assuming responsibility in Swiss Re, Mumbai office. • Prior to Swiss Re, he worked for KPMG, India and was responsible for setting up their insurance practice in India. He carried out several strategic consulting assignments for the local insurers, potential new entrants, and financial institutions. He was promoted to the position of an Associate Director in April 1997. • He also worked for Eagle Star International Life in the Middle East and played a key role in setting up their branch operations in Bahrain. • His initial stint in Life insurance was with LIC where he worked in the capacity of an Administrative officer and later on as a Branch Manager before moving to the Middle East to take on some new challenges.
Year of Joining the Board	2011
Expertise in specific functional area	Life Insurance, Management Consulting and Reinsurance.
Other Directorships	Swiss Re Services India Pvt. Ltd.
Chairman/member of committees of the Company	• Audit Committee – Member • Compensation Committee – Member • Corporate Directions Committee – Member
No of Board Meetings attended during the year	1
No of shares held in the Company	Nil

Name of Director	**Dr. Rajendra Sisodia**
Resume of the Director	• Dr. Sisodia is Professor of Marketing at Bentley University (USA) and was previously Trustee Professor of Marketing and the Founding Director of the Center for Marketing Technology. He is also the Founder and Chairman of the Conscious Capitalism Institute. • Dr. Sisodia is an electrical engineer from BITS, Pilani, has an MBA in Marketing from the Bajaj Institute of Management Studies in Mumbai and a Ph. D. in Marketing & Business Policy from Columbia University, where he was the Booz Allen Hamilton Fellow. Dr. Sisodia has authored several books and published over 100 articles (in publications such as the Harvard Business Review, Journal of Business Strategy, Journal of Marketing, and others).
Year of Joining the Board	2010
Expertise in specific functional area	Corporate Strategy and Leadership, Marketing Strategy, Measuring and Improving Marketing Productivity, Stakeholder Management.
Other Directorships	1. MajescoMastek
Chairman/member of committees of the Company	• Compensation Committee – Chairman • Corporate Directions Committee – Member • Nomination Committee – Member
No of Board Meetings attended during the year	5
No of shares held in the Company	Nil

Name of Director	**Mr. Anil Singhvi**
Resume of the Director	• Mr. Anil Singhvi is a Chartered Accountant by profession. He was the Vice Chairman of Reliance Natural Resources Ltd. Prior to joining Reliance ADA Group, Mr. Singhvi was the Managing Director of Ambuja Cements Ltd. Mr. Singhvi played a key role in the making of Ambuja Cements. His contribution to the Company was tremendous both in terms of its meteoric rise in the cement industry and also becoming the undisputed leader. • Mr. Anil Singhvi is on Boards of various companies, some of which are Camlin, Hindustan Construction Co. Ltd. and IDFC Securities Ltd. He is the Member and Director of I-Can Investment Advisors Pvt. Ltd., an Indian financial advisory firm.
Year of Joining the Board	2010
Expertise in specific functional area	Mr. Singhvi has over 28 years of experience in Finance and Corporate Strategies
Other Directorships	1. Hindustan Construction Company Limited 2. HCC Infrastructure Company Limited 3. Camlin Limited 4. IDFC Securities Limited 5. Future Capital Holdings Limited 6. Subex Limited 7. I-Can Investment Advisors Pvt. Ltd. 8. Mastek UK Ltd. 9. Karl Steiner AG
Chairman/member of committees of the Company	• Audit Committee – Chairman • Share Transfer cum Investor Grievances Committee – Member • Nomination Committee – Member
No of Board Meetings attended during the year	7
No of shares of the Company	Nil

Name of Director	**Mr. Sudhakar Ram**
Resume of the Director	• Mr. Sudhakar Ram is a gold medalist from Chennai University and he did his PGDM from the Indian Institute of Management, Kolkata, graduating with a silver medal in 1982. He was conferred with the CNBC Asia "India Business Leader of the Year" Award in December 2007. He is a co-founder of Mastek Limited.
Year of Joining the Board	4th October, 1985
Expertise in specific functional area	He has about 28 years of experience in information technology and is an expert in the field of software and technology solutions for insurance, financial services and government, as well as outsourcing/off shoring.
Other Directorships	1) Mastek MSC SDN BHD, Malaysia 2) Mastek Asia Pacific Pte. Ltd., Singapore. 3) Ruralshores Business Services Pvt. Ltd.
Chairman/member of committees of the Company	• Corporate Directions Committee – Chairman • Nomination Committee – Chairman • Share Transfer and Investor Grievances Committee – Member
No of Board Meetings attended during the year	8
No of shares held in the Company together with relatives	3,058,608

Name of Director	Mr. Radhakrishnan Sundar
Resume of the Director	• Mr. Radhakrishnan Sundar, did his B.E. in electronics from the Regional Engineering College, Trichy after which he did his PGDM from the Indian Institute of Management, Ahmedabad in 1979. He worked for two years with HCL Ltd. after which he co-founded the Company.
Year of Joining the Board	14th May, 1982
Expertise in specific functional area	Extensive experience in the software industry. Actively participates in strategic initiatives.
Other Directorships	Keystone Solutions Pvt. Ltd.
Chairman/member of committees of the Company	• Governance Committee - Member • Corporate Directions Committee - Member • Share Transfer cum Investor Grievances Committee - Member
No of Board Meetings attended during the year	8
No of shares held in the Company together with relatives	2,033,800

By Order of the Board of Directors

Mumbai
July 25, 2011

Bhagwant Bhargawe
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5.

Appointment of Ms. Priti Rao

The Board of Directors appointed Ms. Priti Rao as an Additional Director with effect from January 17, 2011. She holds office up to the date of this Annual General Meeting. The Company has received a notice from a member under section 257 of the Companies Act, 1956 to propose the candidature of Ms. Priti Rao as a Director of the Company.

Ms. Priti Rao does not hold any shares in the Company.

Ms. Priti Rao holds a post graduate degree in Computer Science from Indian Institute of Technology, Mumbai. Ms. Priti Rao has over 24 years of diverse experience in building and delivering range of IT services for customers located across five continents. She has built large remote infrastructure services business using global delivery model. Ms. Rao held very Senior positions with global teams and large location responsibility for multinational and best of breed IT services companies.

Ms. Priti Rao won the prestigious “IT woman of the year award” from the Computer Society of India for 2002; and also the “Pune 2007 super achievers awards” in August, 2007.

Ms. Priti Rao is a founding member of IWIN (Infosys Women inclusively Initiative), one of the diversity initiatives, which addresses needs of 20,000 + women employees of Infosys.

Ms. Priti Rao contributed significantly to diverse Institutes and is on board of Athena international, NGO working towards woman leadership development and recognition.

The Directors recommend the passing of this resolution for the approval of the members.

Save and except Ms. Rao, no other Director is in any way interested or concerned in the resolution.

Item No. 6.

Appointment of Mr. Venkatesh Chakravarty

The Board of Directors appointed Mr. Venkatesh Chakravarty as an Additional Director with effect from June 23, 2011. He holds office up to the date of this Annual General Meeting. The Company has received a notice from a member under section 257 of the Companies Act, 1956 to propose the candidature of Mr. Venkatesh Chakravarty as a Director of the Company.

Mr. Venkatesh Chakravarty does not hold any shares in the Company.

Mr. Venkatesh Chakravarty has experience of more than 25 years in the Insurance Industry. This experience spans across Life insurance, Management Consulting and Reinsurance. He has worked for LIC, Eagle Star International in the Middle East, and for KPMG India as an Associate Director responsible for insurance practice. At present, he works for Swiss Re Services India Private Limited as a Director and Head of Life & Health business in India.

Mr. Venkatesh Chakravarty is qualified as an Associate Member of the Chartered Insurance Institute (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management Studies and a Bachelor's degree in Arts.

The Directors recommend the passing of this resolution for the approval of the members.

Save and except Mr. Venkatesh Chakravarty, no other Director is in any way interested or concerned in the resolution.

Item No. 7 & 8.

In the financial year 2010-11, Mr. Sudhakar Ram and Mr. Radhakrishnan Sundar were entitled to Salary & perquisites as approved by the shareholders by Special Resolution under Postal Ballot on March 20, 2009. However since the Company has no profits, as per the limits as specified in Part II of Schedule XIII to the Companies Act, Company can pay remuneration of ₹ 4 Lakhs per month to each of them. The actual amount of salary & perquisites paid/ provided (excluding contribution to providend fund) to Mr. Sudhakar Ram and Mr. Radhakrishnan Sundar for the financial year ended June 30, 2011 was ₹ 111.36 Lakhs and ₹ 70.40 Lakhs respectively. As a result, excess remuneration paid to Mr. Sudhakar Ram and Mr. Radhakrishnan Sundar for the financial year ended June 30, 2011 amounts to ₹ 63.36 Lakhs and ₹ 22.40 Lakhs respectively.

The total remuneration paid to Mr. Sudhakar Ram and Mr. Radhakrishnan Sundar during the financial year 2010-11 has exceeded the limits as specified in Part II of Schedule XIII to the Companies Act, 1956. As per section 309(5B) of the Companies Act, 1956, waiver of recovery of excess remuneration paid, is subject to the approval of Central Government. Approval of shareholders is requested for such waiver of recovery of excess remuneration paid.

None of the Directors except Mr. Sudhakar Ram and Mr. Radhakrishnan Sundar is concerned or interested in the said resolutions.

The Directors recommend the passing of these resolutions for the approval of the members.

Item No. 9.

The Board of Directors with the approval of shareholders by Special resolution under Postal Ballot on March 20, 2009, approved Mr. Sudhakar Ram's re-appointment as the Chairman and Managing Director of the Company for a period of 2 years with effect from January 1, 2010 up to December 31, 2011.

To align the term of appointment of Mr. Sudhakar Ram with the financial year of the Company and with the consent of Mr. Sudhakar Ram, the Compensation Committee of the Board and the Board of Directors of the Company modified the term of his appointment to end the same on June 30, 2011.

The Compensation Committee of the Board and the Board of Directors of the Company, at their respective meetings held on July 25, 2011, subject to approval of the members in the ensuing Annual General Meeting and the approval of the Central Government, have approved the terms and conditions of the re-appointment including the remuneration of Mr. Sudhakar Ram for the period from July 1, 2011 up to June 30, 2014 as the Chairman & Managing Director of the Company on the terms and conditions and remuneration as under:

Basic Salary:

₹ 3,35,000/- per month (Rupees Three Lakhs Thirty Five Thousand only), with an option of annual increment as may be decided by the Compensation Committee/ Board of Directors, from time to time.

Bonus:

Based on the performance as may be evaluated by Compensation Committee/Board of the Directors from time to time.

Company Accommodation:

The Company will provide rent-free furnished accommodation to Mr. Sudhakar Ram and his family members and the annual cost to the Company thereof shall not exceed ₹ 20 Lakhs (Rupees Twenty Lakhs only).

Special Allowance:

₹ 332,000/ per month (Rupees Three Lakhs Thirty Two Thousand only).

Car Facility:

Car facility with driver to be used for the business of the Company.

Club Fees:

Re-imbursement of Club Fees.

Education Expenses:

Reimbursement of Education Expenses for one dependent child, not exceeding ₹ 11 Lakhs per annum.

Telephone:

Free telephone facility at his residence to be used for the business of the Company.

Provident Fund Contribution:

Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of the Basic Salary.

Gratuity:

As per rules of the Company.

Perquisites:

As may be permitted as per the policy of the Company or by the Compensation Committee/Board of Directors.

For the purposes of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual basis.

Provision of car and telephone for use of the Company's business and telephone at the Chairman and Managing Director's residence will not be considered as perquisites. The following shall not be included for the purposes of computation of the Chairman and Managing Director's remuneration or perquisites as aforesaid:

(i) the Company's contribution to Provident fund,

(ii) encashment of leave at the end of the tenure of office of the Chairman and Managing Director.

(iii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

We seek approval of the shareholders by way of **Special Resolution** for the re-appointment of Mr. Sudhakar Ram as per the above terms. Since the Company intends to pay the remuneration as mentioned above also in the event that the Company has inadequate profits, the said appointment falls under paragraph (C) of Section II of Part II of Schedule XIII to the Companies Act,1956, which requires prior approval of the Central Government and the following information to be provided to the shareholders:

GENERAL INFORMATION

1. Nature of Industry: Software Industry
2. Date or expected date of commencement of commercial production Existing Company- Mastek is in Software business since 1982.

3. Financial performance for year ended June 30, 2011:

₹ in Lakhs

INCOME	
Information Technology Services and Products.	36,397.12
Other income	4,925.92
Total Income	41,323.04
EXPENDITURE	
Operational expenses	36,444.59
Other expenses	2,713.40
Depreciation	2,713.09
Finance costs	9.31
	41,880.39
(Loss)/Profit before taxation	(557.35)
Provision for taxation	
For the year	
-Current tax	466.83
Less: MAT credit receivable	-
	466.83
-Deferred tax	141.83
	608.66
Income tax for earlier years	(1,032.57)
(Loss)/Profit after taxation	(133.44)

COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT 1956 FOR THE YEAR ENDED JUNE 30, 2011:

₹ in Lakhs

(Loss)/Profit before Tax as per Profit & Loss Account	(557.35)
Add:	
Managerial remuneration (excluding Sitting Fees)	189.98
Depreciation charge as per accounts	2,713.09
Loss on scrapped assets as per accounts	3.08
Provision for doubtful debts	21.91
	2,370.71
Less:	
Depreciation under Section 350 of the Companies Act, 1956*	2,713.09
Profit on sale of investment in subsidiary	279.12
Profit on sale of investments (current, non trade)	0.90
Net (loss)/profit as per Section 349 of the Companies Act, 1956	(622.40)

* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV to the Companies Act 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV.

4. Export performance and net foreign exchange earnings.

   The Company recorded exports of ₹ 299.71 Crore during the year ended June 30, 2011. This constitutes 82% of its Revenues. Its net foreign exchange earnings during the year ended June 30, 2011 was ₹ 153.57 Crore.

5. Foreign investments or collaborators, if any

   The Company does not have any Direct Foreign Investments or foreign collaborations.

II INFORMATION ABOUT THE APPOINTEE

1. Background details: Mr. Sudhakar Ram, is a gold medalist from Chennai University and he did his PGDM from the Indian Institute of Management, Kolkata, graduating with a silver medal in 1982. He is a co-founder of Mastek Limited.

2. Past Remuneration: ₹ 116.19 Lakhs for the year ended June 30, 2011.

3. Recognition or awards: He was conferred with the CNBC Asia “India Business Leader of the Year” Award in December 2007.

4. Job profile and his suitability: Mr. Sudhakar Ram is one of the co-founders of Mastek Ltd. During his long tenure of 25 years as a Director with Mastek, he has directly handled various functions such as Global Sales, Delivery, Product Development and General Management. He was appointed as the Chairman & Managing Director of Mastek Ltd in January 2007.

5. Remuneration proposed: As given above.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.e.t. the country of his origin):

Company	Designation	Fixed Remuneration	Performance Bonus	Total
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Geometric Ltd.	Managing Director & CEO	70.18	129.00	199.18
MindTree Ltd.	Managing Director & CEO	49.54	8.97	58.51
NIIT Technologies Ltd.	Chairman & Managing Director	49.18	63.64	112.82
NIIT Technologies Ltd.	CEO and Joint Managing Director	207.06	90.91	297.97
Infotech Enterprises Ltd.	Chairman & Managing Director	38.10	195.51	233.61
Persistent Systems Ltd.	Chairman & Managing Director	55.10	36.30	91.40

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any –

   Mr. Sudhakar Ram is not related to any of the Managerial personnel of the Company and does not have any pecuniary relationship with the Company other than shareholding and remuneration paid by the Company to him mentioned elsewhere in this report.

III OTHER INFORMATION

1. Reason of loss or inadequate profits: The Company's performance for the financial year ended June 30, 2011 under review (FY 2011) was affected by a number of factors. Key among those was the marked decrease in clients engaging in transformational deals due to the global economic crisis across the globe and particularly in UK where Mastek has a substantial presence. The long sales cycles of our projects as well as ramp down from a client also added to the head winds that the Company faced this year. The above mentioned reasons along with our continued investment in products and wage hikes to retain the best talent had a substantial impact on our financial performance.

2. Steps taken or proposed to be taken for improvements: The Company has taken the necessary steps to improve the financial performance with focused Go-to-Market strategies, increasing the productivity of the sales team and implementing cost containment measures in operations and other areas.

3. Expected increase in productivity and profits in measurable terms: The above mentioned steps are expected to improve the revenues as compared to the previous year. This coupled with the implementation of cost containment measures, the Company will strive to return to profitability.

IV DISCLOSURES

The necessary disclosures required under Schedule XIII are included in the Board of Directors' report under the heading “Corporate Governance” attached to the Annual Report.

Your Directors seek your approval for the terms of remuneration and re-appointment of Mr. Sudhakar Ram as the Chairman & Managing Director of the Company on the terms and conditions including remuneration as stated above, by way of Special Resolution.

The draft agreement to be entered into with the Chairman and Managing Director, is open for inspection at the registered office of the Company between 11.00 a.m. to 2.00 p. m. on all working days from Monday to Friday. This explanatory statement together with the accompanying Notice is to be regarded as an abstract of the terms of the agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Sudhakar Ram is interested in the said resolution.

The Board of Directors recommend passing of the aforesaid resolution as Special Resolution.

Item No. 10.

The Board of Directors with the approval of shareholders by Special resolution under Postal Ballot on March 20, 2009, approved Mr. Radhakrishnan Sundar's appointment as Executive Director of the Company for a period of 3 years with effect from January 1, 2009 up to December 31, 2011.

To align the term of appointment of Mr. Radhakrishnan Sundar with the financial year of the Company, and with the consent of Mr. Radhakrishnan Sundar, the Compensation Committee of the Board and the Board of Directors of the Company modified the term of his appointment to end the same on June 30, 2011.

The Compensation Committee of the Board, and the Board of Directors of the Company at their respective meetings held on July 25, 2011 have, subject to the approval of the members in the ensuing Annual General Meeting and the approval of the Central Government, re-appointed Mr. Radhakrishnan Sundar as Executive Director of the Company for a further period of 3 Years with effect from July 1, 2011 up to June 30, 2014 on the terms and conditions and remuneration as under:

Basic Salary:

₹ 2,35,000/- Per month (Rupees Two Lakhs Thirty Five Thousand only) with an option of annual increment as may be decided by the Compensation Committee/ Board of Directors, from time to time.

Bonus:

Based on the performance as may be evaluated by the Compensation Committee/Board of the Directors from time to time.

House Rent Allowance:

The Company will provide furnished accommodation to Mr Sundar. However, where no accommodation is provided by the Company to Mr. Sundar or Mr. Sundar does not opt for the accommodation provided by the Company, then he shall be entitled to House Rent Allowance subject to a ceiling of 50% of the basic salary i.e ₹ 1,17,500/- (Rupees One Lakh Seventeen Thousand Five Hundred only) per month.

Adhoc Allowance:

₹ 2,31,000/- Per month (Rupess Two Lakhs Thirty One Thousand only).

Car Facility:

Car facility with driver to be used for the business of the Company.

Telephone:

Free telephone facility at his residence to be used for the business of the Company.

Provident Fund Contribution:

Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of the Basic Salary.

Gratuity:

As per rules of the Company.

Perquisites:

As may be permitted as per the policy of the Company or by the Compensation Committee/Board of Directors.

For the purposes of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual basis.

Provision of car and telephone for use of the Company's business and telephone at the Executive Director's Residence will not be considered as perquisites. The following shall not be included for the purposes of computation of the Executive Director's remuneration or perquisites as aforesaid:

(i) the Company's contribution to Provident fund,

(ii) encashment of leave at the end of the tenure of office of the Executive Director,

(iii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

We seek approval of the shareholders by way of Special Resolution for the re-appointment of Mr. Radhakrishnan Sundar as per the above terms. Since the Company intends to pay the remuneration as mentioned above also in the event that the Company has inadequate profits, the said appointment falls under paragraph (C) Section II of Part II of Schedule XIII to the Companies Act,1956, which requires prior approval of the Central Government and the following information to be provided to the shareholders:

GENERAL INFORMATION

1. Nature of Industry: Software Industry

2. Date or expected date of commencement of commercial production. Existing Company - Mastek is in Software business since 1982.

3. Financial performance for year ended June 30, 2011:

₹ in Lakhs

INCOME	
Information Technology Services and Products	36,397.12
Other income	4,925.92
Total Income	41,323.04
EXPENDITURE	
Operational expenses	36,444.59
Other expenses	2,713.40
Depreciation	2,713.09
Finance costs	9.31
	41,880.39
(Loss)/Profit before taxation	(557.35)
Provision for taxation	
For the year	
- Current tax	466.83
Less: MAT credit receivable	-
	466.83
-Deferred tax	141.83
	608.66
Income tax for earlier years	(1,032.57)
(Loss)/Profit after taxation	(133.44)

COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT 1956 FOR THE YEAR ENDED JUNE 30, 2011:

₹ in Lakhs

(Loss)/Profit before Tax as per Profit & Loss Account	(557.35)
Add:	
Managerial remuneration (excluding Sitting Fees)	189.98
Depreciation charge as per accounts	2,713.09
Loss on scrapped assets as per accounts	3.08
Provision for doubtful debts	21.91
	2,370.71
Less:	
Depreciation under Section 350 of the Companies Act, 1956*	2,713.09
Profit on sale of investment in subsidiary	279.12
Profit on sale of investments (current, non trade)	0.90
Net (loss)/profit as per Section 349 of the Companies Act, 1956	(622.40)

* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV.

4. Export performance and net foreign exchange earnings.

   The Company recorded exports of ₹ 299.71 crore during the year ended June 30, 2011. This constitutes 82% of its Revenues. Its net foreign exchange earnings during the year ended June 30, 2011 was ₹ 153.57 crore.

5. Foreign investments or collaborators, if any:

   The Company does not have any Direct Foreign Investments or foreign collaborations.

II INFORMATION ABOUT THE APPOINTEE

1. Background details: Mr. Radhakrishnan Sundar did his BE in Electronics from Regional Engineering College, Trichy, after which he did PGDM from Indian Institute of Management, Ahmedabad in 1979. He worked for 2 years with HCL after which he co-founded Mastek Limited.

2. Past Remuneration: ₹ 73.78 Lakhs for the year ended June 30, 2011.

3. Recognition or awards: NIL

4. Job profile and his suitability: Mr. Radhakrishnan Sundar has around 29 years of extensive experience in the software industry, of which 14 years in the US. He actively participates in strategic initiatives. During his tenure as a Director with Mastek, he has directly handled various functions such as Strategy, Sales and Product Development. He was appointed as Executive Director of Mastek Ltd in January 2009.

5. Remuneration proposed: As given above

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.e.t. the country of his origin):

Company	Designation	Fixed Remuneration	Performance Bonus	Total
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
KPIT Cummins Infosystems Ltd.	President & Executive Director	61.59	29.86	91.45
MindTree Ltd.	President & Group CEO-PES	44.19	9.76	53.95
Zensar Technologies Ltd.	Vice-Chairman & CEO	Data not available	Data Not available	90.00

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

   Mr. Radhakrishnan Sundar is not related to any Managerial personnel of the Company and does not have any pecuniary relationship with the Company other than shareholding and remuneration paid by the Company to him mentioned elsewhere in this report.

III OTHER INFORMATION

1. Reason of loss or inadequate profits: The Company's performance for the financial year ended June 30, 2011 under review (FY 2011) was affected by a number of factors. Key among those was the marked decrease in clients engaging in transformational deals due to the global economic crisis across the globe and particularly in UK where Mastek has a substantial presence. The long sales cycles of our projects as well as ramp down from a client also added to the head winds that the Company faced this year. The above mentioned reasons along with our continued investment in products and wage hikes to retain the best talent had a substantial impact on our financial performance.

2. Steps taken or proposed to be taken for improvements: The Company has taken the necessary steps to improve the financial performance with focused Go-to-Market strategies, increasing the productivity of the sales team and implementing cost containment measures in operations and other areas.

3. Expected increase in productivity and profits in measurable terms: The above mentioned steps are expected to improve the revenues as compared to the previous year. This coupled with the implementation of cost containment measures, the Company will strive to return to profitability.

IV DISCLOSURES

The necessary disclosures as required under Schedule XIII are included in the Board of Directors report under the heading "Corporate Governance" attached to the Annual Report.

Your Directors seek your approval for appointment of and remuneration payable to Mr. Radhakrishnan Sundar as the Executive Director of the Company on such remuneration as stated above and by way of special resolution.

The draft agreement to be entered into with the Executive Director, is open for inspection at the registered office of the Company between 11.00 a.m. to 2.00 p. m. on all working days from Monday to Friday.

This explanatory statement together with the accompanying Notice is to be regarded as an abstract of the terms of the agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Radhakrishnan Sundar is interested in the said resolution.

The Board of Directors recommend passing of the aforesaid resolution as Special Resolution.

By Order of the Board of Directors

Mumbai
July 25, 2011

Bhagwant Bhargawe
Company Secretary

MASTEK GROUP

CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF MASTEK GROUP

Consolidated Balance Sheet

(₹ in Crore)

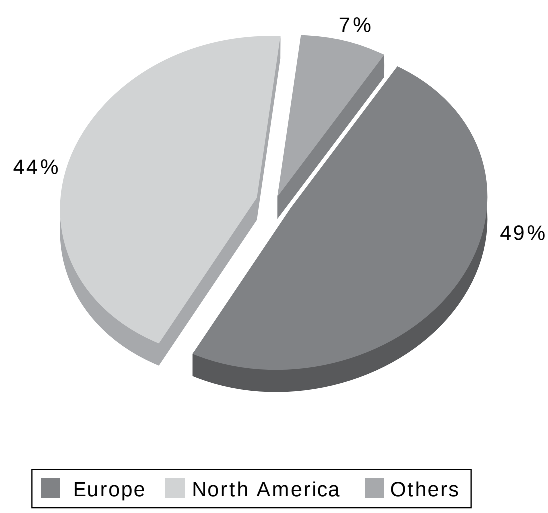
	As at June 30, 2011	As at June 30, 2010
I. Sources of funds		
1. Shareholders' Funds		
(a) Capital	**13.47**	13.47
(b) Reserves and surplus	**477.23**	534.31
	490.70	547.78
2. Loan funds	**18.41**	42.05
TOTAL	**509.11**	589.83
II. Application of funds		
1. Fixed assets		
(a) Gross block	**479.13**	450.51
(b) Less : Depreciation	**235.81**	208.87
(c) Net block	**243.32**	241.64
(d) Capital work in progress	**0.19**	35.57
	243.51	277.21
2. Investments	**61.83**	19.73
3. Deferred Taxation	**22.10**	23.12
4. Current assets, loans and advances		
(a) Sundry debtors	**163.00**	195.09
(b) Cash and bank balances	**97.20**	177.79
(c) Loans and advances	**149.35**	151.91
	409.55	524.79
Less: Current liabilities and provisions		
(a) Liabilities	**91.49**	90.44
(b) Provisions	**136.39**	164.58
	227.88	255.02
Net current assets	**181.67**	269.77
TOTAL	**509.11**	589.83

Consolidated Profit and Loss Account

(₹ in Crore)

	Year ended June 30, 2011	Year ended June 30, 2010
Income	**614.21**	721.90
Expenditure	**612.58**	626.61
Depreciation	**28.79**	26.73
Interest and Financial costs	**1.16**	1.29
(Loss)/Profit before exceptional item and taxation	**(28.32)**	67.27
Exceptional item - impairment of goodwill	**27.20**	–
(Loss)/Profit before taxation	**(55.52)**	67.27
Provision for tax, net charge/(credit)	**0.42**	(0.45)
(Loss)/Profit for the year	**(55.94)**	67.72

GEOGRAPHICAL CONTRIBUTION TO REVENUE
2010-2011



Auditors' Report on the Consolidated Financial Statements of Mastek Limited

The Board of Directors of Mastek Limited

1. We have audited the attached consolidated balance sheet of Mastek Limited (the "Company") and its subsidiaries, hereinafter referred to collectively as the "Group" (refer Note 3 on Schedule 16 to the attached consolidated financial statements) as at June 30, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of Mastek Asia Pacific Pte. Ltd., Singapore and Mastek MSC Software Sdn. Bhd., Malaysia, included in the consolidated financial statements, which constitute total assets of ₹ 2,401.81 Lacs and net assets of ₹ 2,194.66 Lacs as at June 30, 2011, total revenue of ₹ 1,513.78 Lacs, net profit of ₹ 197.30 Lacs and net cash flows amounting to ₹ 243.71 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We did not audit the financial statements of Mastek GmbH, Germany, included in the consolidated financial statements, which constitute total assets of ₹ 45.68 Lacs and net assets of ₹ 42.86 Lacs as at June 30, 2011, total revenue of ₹ 5.27 Lacs, net loss of ₹ 2.59 Lacs and net cash flows amounting to ₹ 292.51 Lacs for the year then ended. These financial statements and other financial information have been certified by its Directors and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the management certified financial statements.

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

6. Without qualifying our opinion, we draw your attention to Note 19 of Schedule 16, regarding excess remuneration paid during the year to the Chairman & Managing Director and an Executive Director of the Company, aggregating ₹ 63.36 Lacs and ₹ 22.40 Lacs respectively, for which Company intends to seek approval of the Members of the Company in the ensuing Annual General Meeting of the Company, and also from the Central Government.

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2011;

   (b) in the case of the consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date: and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
July 25, 2011

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

(₹ in Lakhs)

	Schedule	As at June 30, 2011	As at June 30, 2010
I. Sources of funds			
1. Shareholders' funds			
(a) Capital	1	**1,347.56**	1,347.20
(b) Reserves and surplus	2	**47,722.91**	53,430.71
		49,070.47	54,777.91
2. Loan funds			
Secured loans	3	**1,840.55**	4,204.71
		50,911.02	58,982.62
II. Application of funds			
1. Fixed assets	4		
(a) Gross block		**47,913.52**	45,050.87
(b) Less: Depreciation		**23,581.14**	20,886.97
(c) Net block		**24,332.38**	24,163.90
Capital work-in-progress (including capital advances)		**18.52**	3,556.82
		24,350.90	27,720.72
2. Investments	5	**6,182.72**	1,972.73
3. Deferred Taxation (Refer Note 9 of Schedule 16)	6	**2,210.01**	2,312.44
4. Current assets, loans and advances			
(a) Sundry debtors	7	**16,299.99**	19,508.55
(b) Cash and bank balances	8	**9,719.82**	17,779.26
(c) Loans and advances	9	**14,935.52**	15,190.78
		40,955.33	52,478.59
Less: Current liabilities and provisions			
(a) Liabilities	10	**9,148.91**	9,044.31
(b) Provisions	11	**13,639.03**	16,457.55
		22,787.94	25,501.86
Net current assets		**18,167.39**	26,976.73
		50,911.02	58,982.62
Notes to the consolidated accounts	16		

The Schedules referred to above and the notes thereon form an integral part of the Consolidated Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

(₹ in Lakhs)

	Schedule	Year ended June 30, 2011	Year ended June 30, 2010
Income			
Information Technology Services and Products		**59,327.38**	71,382.51
Other income	**12**	**2,093.97**	807.76
		61,421.35	72,190.27
Expenditure			
Operational expenses	**13**	**55,143.29**	55,378.84
Other expenses	**14**	**6,115.08**	7,282.34
Depreciation		**2,878.84**	2,673.06
Finance costs	**15**	**116.19**	128.57
		64,253.40	65,462.81
(Loss)/Profit before exceptional item and taxation		**(2,832.05)**	6,727.46
Exceptional item - impairment of goodwill (Refer Note 16 of Schedule 16)		**2,719.93**	–
(Loss)/Profit before taxation		**(5,551.98)**	6,727.46
Provision for taxation (Refer Note 9 of Schedule 16)			
For the year			
- Current tax		**979.76**	1,760.37
Less: MAT credit receivable		**–**	(289.38)
		979.76	1,470.99
- Deferred tax		**91.41**	(510.07)
		1,071.17	960.92
Income tax for earlier years		**(1,028.81)**	(1,005.08)
(Loss)/Profit for the year		**(5,594.35)**	6,771.62
Add: Profit brought forward from previous year		**41,549.64**	37,494.86
Profit available for appropriation		**35,955.30**	44,266.48
Appropriations			
Interim dividend		**–**	539.50
Final dividend		**–**	336.80
Corporate dividend tax		**–**	147.63
Transferred to general reserve		**–**	1,692.91
Balance carried to Balance Sheet		**35,955.30**	41,549.64
		35,955.30	44,266.48
(Loss)/Earning per share (net of taxes) in ₹			
- Basic		**(20.76)**	25.15
- Diluted		**(20.76)**	24.99
(Refer Note 12 of Schedule 16) (Nominal value per share ₹ 5/- each)			
Notes to the consolidated accounts	**16**		

The Schedules referred to above and the notes thereon form an integral part of the Consolidated Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of ₹ 5/- each	**2,000.00**	2,000.00
2,000,000 preference shares of ₹ 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, Subscribed and Paid up:		
Equity Shares		
26,951,187 shares of ₹ 5/- each, fully paid up	**1,347.56**	1,347.20
(Previous year 26,943,937 shares of ₹ 5/- each, fully paid up)		
(Refer Note 7 of Schedule 16)		
	1,347.56	1,347.20

Of the above:

- 14,054,594 and 6,913,280 equity shares of ₹ 5/- each fully paid, have been issued as bonus shares by utilisation of Capital Redemption Reserve and Share Premium Account respectively.
- 660,000 equity shares of ₹ 5/- each fully paid have been issued as bonus shares by capitalisation of profits transferred from General Reserve.

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	**21.44**	21.44
	21.44	21.44
Capital Redemption Reserve Account		
As per last Balance Sheet	**1,295.27**	1,295.27
	1,295.27	1,295.27
Securities Premium Account		
As per last Balance Sheet	**139.66**	36.63
Add: Addition on account of ESOP	**10.93**	103.03
	150.59	139.66
Employees stock option outstanding (Refer note 7 of Schedule 16)	**145.50**	57.00
General Reserve		
As per last Balance Sheet	**10,405.24**	8,712.33
Add: Transferred from Profit and Loss Account	**–**	1,692.91
	10,405.24	10,405.24
Foreign Currency Translation Account		
As per last Balance Sheet	**(37.54)**	1,943.76
Add: Exchange (loss) on translation	**(212.89)**	(1,981.30)
	(250.43)	(37.54)
Profit and Loss Account	**35,955.30**	41,549.64
	47,722.91	53,430.71

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 3		
SECURED LOANS		
Term Loan from Bank (Refer note 4(iii) of Schedule 16) (Secured against pledge of shares of System Task Group International Limited)	**1,341.00**	4,180.05
Line of Credit for Working Capital from Bank (Refer note 4(iii) of Schedule 16) (Secured against current assets including receivables of MajescoMastek,USA)	**447.00**	–
Obligations on assets under finance leases - hypothecated against leased assets [Due within one year ₹ 11.24 Lakhs (Previous year - ₹ 19.09 Lakhs)]	**52.55**	24.66
	1,840.55	4,204.71

SCHEDULE 4
FIXED ASSETS

(₹ in Lakhs)

Description	Gross Block (at cost)					Depreciation					Net Block	
	As at July 01, 2010	Additions	Deletions/ Adjust-ments	Translation Exchange Difference	**As at June 30, 2011**	As at July 01, 2010	For the year	Deletions/ Adjust-ments	Translation Exchange Difference	**As at June 30, 2011**	**As at June 30, 2011**	As at June 30, 2010
Goodwill (Note 3)	16,528.69	214.12	2,719.93	(623.67)	**13,399.21**	239.91	–	–	(9.04)	**230.87**	**13,168.34**	16,288.78
Leasehold Land and Premises	3,090.44	–	–	–	**3,090.44**	695.57	96.40	–	–	**791.97**	**2,298.47**	2,394.87
Owned Premises (Note 1)	2,683.06	1,483.66	–	–	**4,166.72**	488.99	152.56	–	–	**641.55**	**3,525.17**	2,194.07
Plant and Machinery	9,224.14	1,320.18	107.86	(43.36)	**10,393.10**	7,572.50	1,062.94	107.12	(37.53)	**8,490.79**	**1,902.31**	1,651.64
Software	7,991.53	2,008.31	1.13	38.91	**10,037.62**	7,386.77	832.37	1.13	39.77	**8,257.78**	**1,779.84**	604.76
Furniture and Fittings	4,665.64	1,211.18	–	4.16	**5,880.98**	3,828.37	640.93	–	4.45	**4,473.75**	**1,407.23**	837.27
Leasehold Improvements	471.69	37.51	–	(2.33)	**506.87**	452.40	23.80	–	(2.15)	**474.05**	**32.82**	19.29
Vehicles (Note 2)	395.68	138.63	95.73	–	**438.58**	222.46	69.84	71.92	–	**220.38**	**218.20**	173.22
Total	45,050.87	6,413.59	2,924.65	(626.29)	**47,913.52**	20,886.97	2,878.84	180.17	(4.50)	**23,581.14**	**24,332.38**	24,163.90
Previous Year	43,708.54	2,417.17	448.07	(626.77)	**45,050.87**	18,747.42	2,673.06	417.73	(115.78)	**20,886.97**	**24,163.90**	

1. Owned premises include subscription towards share capital of Co-operative societies amounting to ₹ 250 (Previous year ₹ 250).
2. Net block of vehicles include leased assets amounting to ₹ 42.73 Lakhs (Previous year ₹ 16.53 Lakhs).
3. Adjustment in Gross Block includes Impairment of Goodwill of ₹ 2,719.93 Lakhs as shown in the Profit and Loss Account under Exceptional item (refer Note 16 of Schedule 16).
4. The Company has capitalized the assets lying at its Chennai SEZ facility, with effect from July 1, 2010. Depreciation amounting to ₹ 546.29 Lakhs (Previous Year - ₹ Nil) on these capitalized assets has been charged at the rates specified in Note 2c of Schedule 16 to recognise the loss of value through effluxion of time, although the said facility has not yet been put to use.

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 5		
INVESTMENTS		
I. Investment in units of mutual funds (Current, non-trade, unquoted)		
15,077,249 (Previous year - Nil) units of Sundaram Ultra Short Term - Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 3,580.18 Lakhs (35,669,856 units) and sold during the year ₹ 2,066.88 Lakhs (20,592,607 units).	**1,513.30**	–
12,665,379 (Previous year - Nil) units of DWS Ultra Short Term Fund - Inst. Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 2,895.56 Lakhs (28,903,847 units) and sold during the year ₹ 1,626.76 Lakhs (16,238,468 units).	**1,268.80**	–
12,057,334 (Previous year - Nil) units of ICICI Prudential Blended Plan - B Option II - Daily Dividend Reinvestment. Purchased during the year ₹ 1,206.64 Lakhs (12,057,334 units) and sold during the year ₹ Nil (Nil units).	**1,206.64**	–
7,173,190 (Previous year - Nil) units of SBI Magnum Income Fund - Floating Rate Plan - Saving Plus Bond Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 721.78 Lakhs (7,173,190 units) and sold during the year ₹ Nil (Nil units).	**721.78**	–
7,036,776 (Previous year - Nil) units of Tata Floater Fund - Daily Dividend Reinvestment. Purchased during the year ₹ 3,778.55 Lakhs (37,651,422 units) and sold during the year ₹ 3,072.37 Lakhs (30,614,646 units).	**706.18**	–
Nil (Previous year - 4,499,550) units of TATA Fixed Income Portfolio Fund Scheme A2 - Inst. Purchased during the year ₹ 1.99 Lakhs (19,931 units) and sold during the year ₹ 451.99 Lakhs (4,519,481 units).	**–**	450.00
7,599,526 (Previous year - 225,384) units of Kotak Floater Long Term Fund - Daily Dividend Reinvestment. Purchased during the year ₹ 1,627.07 Lakhs (16,142,006 units) and sold during the year ₹ 883.78 Lakhs (8,767,864 units).	**766.02**	22.73
II. Investment in deposits		
Deposit with Housing Urban Development Corporation	**–**	1,500.00
	6,182.72	1,972.73

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 6		
DEFERRED TAXATION		
Deferred Tax Asset		
Tax effect of timing difference on account of :		
- Doubtful debts	**79.85**	63.80
- Fixed Assets	**761.16**	629.47
- Employee benefits	**1,252.78**	1,359.02
- Operating loss carry forwards	**–**	166.84
- Others	**116.22**	93.31
	2,210.01	2,312.44

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011 (CONTD.)

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 7		
SUNDRY DEBTORS - (UNSECURED)		
a) Debts outstanding for a period exceeding six months		
- Considered good	**55.49**	15.39
- Considered doubtful	**242.70**	274.55
	298.19	289.94
b) Other debts		
- Considered good	**16,244.50**	19,493.16
	16,542.69	19,783.10
Less: Provision for doubtful debts	**242.70**	274.55
	16,299.99	19,508.55
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash balance on hand	**1.89**	1.80
Balances with banks#		
- in Current Accounts*	**2,900.00**	4,512.75
- in Fixed Deposits**	**6,817.93**	13,264.71
	9,719.82	17,779.26

* Includes amounts restricted ₹ 52.14 Lakhs (Previous year - ₹ 53.10 Lakhs) on account of unpaid dividends.

** Includes ₹ 143.50 Lakhs (Previous year - ₹ 72.47 Lakhs) restricted on account of margin money.

Consists of balance with unscheduled banks ₹ 6,183.93 Lakhs (Previous year - ₹ 6,413.46 Lakhs).

Name of the Bank	**Balance as at June 30, 2011**	Balance as at June 30, 2010
Chase Bank of Texas	**377.08**	935.43
JP Morgan Chase Bank, New Jersey	**88.48**	39.91
Dresdner Bank, Germany	**–**	335.32
Commerzbank, Germany	**42.81**	–
Shinhan Bank, Korea	**1.31**	–
Lloyds TSB, UK	**3,810.63**	2,834.64
MayBank, Malaysia	**538.94**	669.05
Canadian Imperial Bank of Commerce, Canada	**35.79**	26.90
Citibank, New York	**1,284.13**	1,569.71
Ayudhya Bank, Thailand	**4.76**	2.50
Total	**6,183.93**	6,413.46

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**1,706.73**	1,666.30
Less: Provision for doubtful advances	**89.40**	92.89
	1,617.33	1,573.41
Advance income tax	**11,046.00**	11,178.47
MAT credit entitlement	**2,272.19**	2,438.90
	14,935.52	15,190.78
SCHEDULE 10		
LIABILITIES		
Sundry Creditors	**6,166.08**	5,728.69
Unclaimed dividends *	**52.14**	53.11
Unearned revenue	**734.06**	677.78
Book overdraft in current account with bank	**–**	1.17
Other Liabilities	**2,196.63**	2,583.56
	9,148.91	9,044.31

* Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 11		
PROVISIONS		
Proposed dividend	**–**	336.80
Provision for Corporate dividend tax	**–**	55.94
Provision for taxes	**9,856.80**	11,470.95
Provision for gratuity	**1,772.14**	2,319.76
Provision for leave encashment	**2,010.09**	2,274.10
	13,639.03	16,457.55

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
SCHEDULE 12		
OTHER INCOME		
Interest on deposits [Tax deducted at source ₹ 21.46 Lakhs (Previous year - ₹ 23.52 Lakhs)]	**349.14**	447.52
Interest on Income tax refunds	**134.78**	41.82
Interest on others	**14.23**	2.28
Profit on sale of fixed assets (net)	**–**	4.11
Profit on sale of investments (current, non-trade)	**0.90**	0.03
Exchange gain (net)	**1,030.46**	–
Income from investments (current, non-trade)	**149.42**	140.39
Bad debts recovered	**82.83**	–
Miscellaneous income	**332.21**	171.61
	2,093.97	807.76

SCHEDULE 13		
OPERATIONAL EXPENSES		
Salaries, bonus and incentives*	**42,046.21**	41,574.17
Gratuity	**139.99**	322.48
Contribution to provident and other funds	**945.41**	797.95
Staff welfare	**2,317.58**	2,814.01
Recruitment and training expenses	**292.85**	449.90
Travelling and conveyance	**2,923.69**	3,619.63
Communication charges	**763.95**	859.56
Electricity	**585.05**	655.68
Consulting charges	**4,317.42**	3,934.79
Purchase of software and hardware for resale	**811.15**	350.67
	55,143.29	55,378.84

* Includes ₹ 88.50 Lakhs (Previous year - ₹ 57.00 Lakhs) on account of on Employee Stock Option cost.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011 (CONTD.)

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
SCHEDULE 14		
OTHER EXPENSES		
Rates and taxes	**308.98**	262.15
Repairs		
- Building	**276.87**	241.13
- Machinery	**1,094.96**	983.94
Insurance	**375.18**	378.27
Printing and stationery	**102.42**	139.89
Exchange loss (net)	**–**	391.73
Professional fees	**2,018.66**	2,550.70
Rent (Refer Note 5 of Schedule 16)	**912.33**	1,069.48
Advertisement and publicity	**367.88**	565.49
Provision for doubtful debts	**57.11**	106.71
Bad debts written off	**50.68**	–
Loss on sale of fixed assets (net)	**3.08**	–
Loss on Investments written off	**–**	1.91
Miscellaneous expenses	**546.93**	590.94
	6,115.08	7,282.34

	Year ended June 30, 2011	Year ended June 30, 2010
SCHEDULE 15		
FINANCE COSTS		
Interest on cash credit	**5.48**	1.17
Interest on term loan	**59.39**	129.91
Bank charges	**15.97**	20.64
Interest on finance lease	**4.58**	2.32
Other finance charges	**30.77**	(25.47)
	116.19	128.57

SCHEDULE 16

1. DESCRIPTION OF BUSINESS

Mastek Limited (hereinafter referred to as "The Company") and its subsidiaries (hereinafter referred to collectively as "Mastek" or "the Group") are engaged in software development, technical and consultancy services, and business process outsourcing. Mastek adopts a cost effective synthesis of onsite and offshore development teams so as to enhance the value generation to its clients. The Company provides enterprise-wide solutions to the insurance industry, financial services segments such as trade finance, collection operations, asset-based lending systems, and ERP solutions based on oracle applications. The Company also provides policy acquisition, administration and processing solutions to players in the insurance industry. Mastek's service offerings include business and technology services comprising of Information Technology ('IT') consulting, application development, systems integration, application management outsourcing, testing, data warehousing and business intelligence, application security, Customer Relationship Management services and legacy modernisation.

Mastek has evolved a matrix of subsidiary based model of operations. Accordingly, it has subsidiaries in United Kingdom ('UK'), United States of America ('US'), Germany, Singapore, Thailand, Malaysia and Canada, and branch offices in UK, Japan and Korea, to enable Mastek to cater to the needs of the customers in the specific regions. The offshore software development centers are located at Mumbai, Pune, Chennai and Mahape (all of them being in India).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements of Mastek are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and to the extent possible, in the same format as that adopted by the parent Company (Mastek Limited) for its separate financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

c) Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation.

Depreciation on fixed assets is provided on the Straight Line Method over the useful life of assets, as estimated by the management or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets individually costing less than ₹ 5,000/- are depreciated fully in the year of acquisition. Expenditure incurred on purchase of Software used in operations of the entity is depreciated over its estimated life. The useful lives estimated by the management which are higher than rates specified as per Schedule XIV are as under:

Goodwill	3 years
Leasehold Land	Lease Term ranging from 95 - 99 years
Owned/Leasehold Premises	25 - 30 years
Computers (Included in Plant & Machinery)	2 years
Other Plant & Machinery	5 years
Software	1 - 5 years
Furniture and Fittings	5 years
Leasehold Improvements	5 years or the primary period of lease whichever is less
Vehicles	5 years

d) Investments

Long-term investments are stated at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and fair value. Any reduction in carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

e) Foreign Currency Transactions and Translation

The consolidated financial statements are prepared in Indian Rupees. The Indian Rupee is the functional currency for Mastek Limited. However, U.S. Dollar, Pound Sterling, Singapore Dollar, Malaysian Ringitts, Thai Baht, Canadian Dollar and Euro are the functional currencies for its subsidiaries located in United States of America, United Kingdom, Singapore, Malaysia, Thailand, Canada and Europe (Germany), respectively. The translation of the functional currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates in effect at the Balance Sheet date and for revenues and expenses using average exchange rates prevailing during the reporting periods and for share capital and reserves using the exchange rate at the date of transaction. The differences on translation are taken directly to reserves, under Foreign Currency Translation Reserve Account.

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet. Exchange differences arising on foreign currency transactions and balances are recognized as income or expense in the Profit and Loss Account.

In case of forward exchange contract or any other financial instrument that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the period.

In case of Forward Contracts that are open on the Balance Sheet date and are not backed by Receivables, the gain or loss is computed by multiplying the foreign currency amount of the forward contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate. The loss so computed is recognised in the profit and loss account for the period; however the gain is not recognised.

In respect of transactions related to foreign branch, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognized in the Profit and Loss Account.

f) Employee Benefits

i) Long-term Employee Benefits

a) Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits in the form of Provident Fund and Superannuation Fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). The Group also makes contributions towards defined contribution plans in respect of its subsidiaries in foreign jurisdictions, as applicable. Under such Defined Contribution Plans, the Group has no further obligation beyond making the contributions. The Group's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

b) Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity and Leave

Encashment for the employees in India. The Group also provides for Leave Encashment liability towards employees of foreign subsidiaries and UK branch. Liability for Defined Benefit Plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

ii) Short-term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee rendered the services. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

g) Revenue Recognition

Mastek derives its revenues primarily from software services.

Revenues from customer support services are recognised ratably over the term of the support period.

Revenues from software related services are primarily related to implementation services performed on a time and material basis under separate service arrangements. Revenues with respect to time and material contracts are recognised as and when services are rendered.

Revenues from fixed price, fixed time frame contracts are recognised in accordance with the percentage of completion method measured by the percentage of cost incurred over the estimated total cost for each contract. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed, in advance of services performed are recorded as unearned revenue. Unbilled revenue included in debtors, represents amounts recognised based on services performed in accordance with contract terms and where billings are pending.

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on time proportion basis.

h) Borrowings Costs

Borrowing costs that are incurred on borrowings made specifically for the acquisition, construction or production of a qualifying asset are capitalized as a part of that asset. The amount of borrowing costs from funds that are borrowed generally and used for the purpose of obtaining a qualifying asset are calculated by applying a weighted average capitalization rate to the expenditure on that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

i) Leases

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – 'Leases', are capitalized. The assets are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as a part of the class of owned assets to which they belong and are depreciated accordingly. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

j) Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net loss/profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when there conversion to equity shares would increase earnings per share or decrease loss per share.

k) Income taxes

Provision for tax for the year comprises of current tax and deferred tax. Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next are recognised in the Profit and Loss account in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss account in the year of change.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

l) Accounting for Employee Stock Options

Stock options granted to employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) and as amended from time to time. According to the above guidelines, the excess of market value of the stock options as on the date of grant over the exercise price of the options is to be recognised as deferred employee compensation and is to be charged to profit and loss account ratably over the vesting period of the options.

m) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

n) Impairment of Assets

At each Balance Sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent carrying amount exceeds recoverable amount.

3. LIST OF SUBSIDIARIES CONSIDERED FOR CONSOLIDATION

Name of Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on June 30, 2011	Extent of Holding (%) as on June 30, 2010
MajescoMastek~	USA	100%	100%
Mastek (UK) Limited	UK	100%	100%
Mastek GmbH	Germany	100%	100%
Mastek Asia Pacific Pte Ltd.	Singapore	100%	100%
Mastek MSC Software Sdn. Bhd.	Malaysia	100%	100%
Carretek LLC *	USA	NA	100%
Mastek MSC (Thailand) Co. Ltd. **	Thailand	100%	100%
Vector Insurance Services LLC <	USA	90%	90%
Systems Task Group International Limited >	USA	100%	100%
Keystone Solutions Private Limited #	India	100%	100%
MajescoMastek Canada Ltd. (Formerly known as MajescoMastek Enterprise Solutions Canada Co. Ltd.)	Canada	100%	100%

* Carretek LLC has been closed down w.e.f . September 27, 2010.

** Incorporated on February 5, 2007 and 100% held by Mastek MSC Software Sdn. Bhd., Malaysia.

< Acquired w.e.f. July 1, 2007 and 90% held by MajescoMastek, USA.

> Acquired w.e.f. January 1, 2008 and 100% held by MajescoMastek, USA.

Held by Systems Task Group International Ltd. USA - 100% subsidiary w.e.f. January 1, 2008.

~ 70% held by Mastek Ltd. and 30% held by Mastek (UK) Limited w.e.f. April 20, 2011.

4. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

		As at June 30, 2011	As at June 30, 2010
(i)	Counter guarantees outstanding in respect of guarantees given by banks on behalf of the Company	**175.25**	103.19
(ii)	Corporate performance guarantees given by the Company:		
	a) on behalf of subsidiary, MajescoMastek Canada Ltd.	**2,411.84**	967.53
	b) on behalf of subsidiary, Mastek MSC (Thailand) Co. Ltd.	**229.34**	153.49
	c) on behalf of subsidiary, Mastek (UK) Limited	**42,828.87**	36,462.26
(iii)	Corporate guarantees given by the Company: a) on behalf of subsidiary, MajescoMastek for its term loan	**1,341.00**	4,180.05
	b) on behalf of subsidiary, MajescoMastek for its Line of Credit for Working Capital from Bank	**447.00**	–
(iv)	Claims against the Company not acknowledged as debts *	**2,309.06**	105.78
(v)	Estimated amount of contracts remaining to be executed on capital account not provided for	**196.95**	1,813.15

* Claims against the Company not acknowledged as debts include:

a) a demand from the Indian tax authorities for payment of additional tax of ₹ 1,115.03 Lakhs, including interest of ₹ 379.47 Lakhs upon completion of their tax review for financial year ended March 31, 2006.

b) a demand from the Indian tax authorities for payment of additional tax of ₹ 1,088.25 Lakhs, including interest of ₹ 370.73 Lakhs upon completion of their tax review for financial year ended March 31, 2007.

A substantial portion of both the tax demands pertains to the adjustment to total income carried out on account of transfer pricing. The matter in respect of 2006 is pending before the Income Tax Appellate Tribunal, Ahmedabad and in respect of 2007 before the Commissioner of Income-tax (Appeals), Ahmedabad. Against the additional tax demand of ₹ 1,115.03 Lakhs for the year 2006, the Income-Tax department has adjusted ₹ 628.17 Lakhs in respect of Income Tax Refunds due to the Company.

The Company has treated such adjustment as payment under protest and has accordingly reflected this adjustment under Loans and advances. The Company is contesting the demands and the Management believes that its position will likely be upheld in the appellate process and accordingly the same will not have a material adverse effect on the Company's financial position and the result of its operations. As a result, no provision has been made in the financial statements for the tax demands raised.

As a substantial portion of the transfer pricing adjustment relates to the international transactions between the Company and its subsidiary in UK, the latter has in parallel also filed a letter with the Competent Authority (CA) in UK under the Article 27 on Mutual Agreement Procedure of the Double Tax Avoidance Agreement signed between India and UK. This letter has been filed in order to ensure that the adjustment to the total income carried out in India does not result in double taxation for the Mastek Group. A copy of the said letter has also been filed by the Company with the CA in India. Mutual Agreement Procedure (MAP) is a dispute resolution process in addition to the local legal remedies available to the Company. It is a process whereby the CA of two contracting states viz. India and UK would discuss the transfer pricing adjustment and negotiate a position whereby the international transaction between the Company and India will not suffer double taxation.

Based on the above, the Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and result of operations.

5. LEASES

(₹ in Lakhs)

		As at June 30, 2011	As at June 30, 2010
a)	Total minimum finance lease payments outstanding (in respect of vehicles):		
	Due within one year	**17.52**	21.16
	Due later than 1 year but not later than 5 years	**50.83**	9.07
	Due later than 5 years	**–**	–
	Total minimum lease payments	**68.35**	30.23
	Less: Interest not due	**(15.80)**	(5.57)
	Present value of net minimum capital leases payments	**52.55**	24.66
b)	Operating lease rentals recognised in the profit and loss account	**912.33**	1,069.48
c)	Future minimum lease payments under non-cancellable operating leases (in respect of properties):		
	Due within one year	**376.24**	278.70
	Due later than 1 year but not later than 5 years	**858.74**	795.23
	Due later than 5 years	**107.65**	–
	Total minimum lease payments	**1,342.63**	1,073.93
d)	Description of significant operating lease arrangements:		
	- The Company has given refundable interest free security deposit under the lease agreements.		
	- All agreements contain provision for renewal at the option of either parties.		
	- All agreements provide for restriction on sub lease.		

6. FORWARD CONTRACTS

Forward Contracts outstanding as on June 30, 2011 amounting to ₹ 21,113.84 Lakhs (Previous year ₹ 28,034.66 Lakhs). Gain/(loss) of foreign exchange forward contracts are included under the head Exchange gain/loss (net). Forward contracts amounting to ₹ Nil (Previous year ₹ 3,830.93 Lakhs) are backed by receivables.

7. EMPLOYEE STOCK OPTIONS

Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**7,750**	91,520
Granted during the year	**–**	–
Exercised during the year	**(5,250)**	(14,458)
Cancelled during the year	**(2,500)**	(69,312)
Balance unexercised options	**–**	7,750

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**546,794**	898,624
Granted during the year	**–**	–
Exercised during the year	**–**	(26,938)
Cancelled during the year	**(267,502)**	(324,892)
Balance unexercised options	**279,292**	546,794

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**513,714**	614,917
Granted during the year	**–**	–
Exercised during the year	**(2,000)**	(3,047)
Cancelled during the year	**(104,476)**	(98,156)
Balance unexercised options	**407,238**	513,714

Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the financial year ended June 30, 2011 and June 30, 2010 have been granted at an exercise price which is equal to the market price of the underlying equity shares except for 50,000 Options (Previous Year 25,000 options), which had been granted at a price less than the market price. Consequently, compensation cost of ₹ 88.50 Lakhs (Previous Year ₹ 57.00 Lakhs) has been charged to the Profit and Loss account during the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**891,000**	61,000
Granted during the year	**879,248**	1,116,000
Exercised during the year	**–**	–
Cancelled during the year	**(452,900)**	(286,000)
Balance unexercised options	**1,317,348**	891,000

Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**–**	–
Granted during the year	**569,600**	–
Exercised during the year	**–**	–
Cancelled during the year	**–**	–
Balance unexercised options	**569,600**	–

8. EMPLOYEE BENEFIT PLANS

a) Defined contribution plans

The Company makes contribution towards provident fund and superannuation fund to a defined contribution employee benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund is maintained by making contribution to Life Insurance Corporation of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the employee benefit schemes to fund the benefits. Similar contributions have been made towards defined contribution plans of overseas subsidiaries and branch, as applicable.

The Company recognized ₹ 831.98 Lakhs (Previous year ₹ 694.52 Lakhs) for provident fund contribution and ₹ 31.68 Lakhs (Previous year ₹ 30.16 Lakhs) for superannuation contribution in the Profit and Loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. In addition subsidiaries and UK branch contributed ₹ 81.75 Lakhs (Previous year ₹ 73.27 Lakhs) towards other funds as per the requirements of the local laws.

b) Defined benefit plan

The Company makes annual contributions to the Mastek Limited Employees Group Gratuity Assurance Scheme administered by Life Insurance Corporation of India. The scheme provides benefit to the members upon retirement on or after normal retirement date or upon death whilst in service or upon retirement owing to ill-health or incapacitation equivalent to 15 days of salary for each completed year of service. Further the scheme also provides benefit on death of a member whilst in service before normal retirement date equivalent to 15 days of salary for each completed year of service up to the date of death and the sum assured under the term assurance effected in respect of the member.

The Group also provides for leave encashment payable to the employees. Leave encashment vest to the employees at time of retirement, death while in employment or on termination of employment equivalent to salary payable for number of days of accumulated leave balance.

c) The following table sets out the status of gratuity and the amounts recognized in the consolidated financial statements as at June 30, 2011 and June 30, 2010.

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
1. Change in defined benefit obligations:		
Projected benefit obligation, beginning of the year (July 1, 2010)	**2,330.95**	1,998.55
Transfer from Keystone Solutions Private Limited	**–**	115.05
Service cost	**428.60**	472.81
Interest cost	**239.01**	186.31
Actuarial (gain)/loss	**(531.62)**	(318.14)
Benefits paid	**(220.75)**	(123.63)
Projected benefit obligation, closing of the year (June 30, 2011)	**2,246.19**	2,330.95

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
2. Change in fair value of assets:		
Fair value of plan assets, beginning of the year (July 1, 2010)	**–**	–
Expected return on plan assets	**–**	–
Employer's contribution	**687.60**	123.63
Acquisitions	**–**	–
Benefit paid	**(220.75)**	(123.63)
Actuarial (gain)/loss	**–**	–
Fair value of plan assets, closing of the year (June 30, 2011)	**466.85**	–
3. Amount recognized in the Balance Sheet		
Present value of obligations as at June 30, 2011	**2,246.19**	2,330.95
Fair value of plan assets as at June 30, 2011	**466.85**	–
Amount not recognized as an asset	**–**	–
Unrecognised Past service cost	**7.20**	11.19
Net Liability recognized as at June 30, 2011	**1,772.14**	2,319.76
4. Net gratuity cost for the year ended June 30, 2011		
Service cost	**432.60**	461.62
Interest cost	**239.01**	186.31
Expected return on plan assets	**–**	–
Net actuarial (gain)/loss recognized in the year	**(531.62)**	(318.14)
Net gratuity cost	**139.99**	329.79
5. Assumptions used in accounting for the gratuity plan:		
Discount rate (p.a.)	**8.50%**	8.15%
Salary escalation rate (p.a.)	**10%**	20 % p.a. for 1st year & 10% p.a. thereafter
6. Return on Plan Assets (p.a.)	**7.50%**	N.A.

Experience adjustments

(₹ in Lakhs)

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30,2007
Defined benefit obligation	**2,246.19**	2,330.95	2,122.17	1,284.64	1,159.48
Plan assets	**466.85**	–	–	–	–
Surplus/(deficit)	**(1,779.34)**	(2,330.95)	(2,122.17)	(1,284.64)	(1,159.48)
Experience adjustments					
On plan liabilities	**(434.66)**	(402.73)	199.45	(61.68)	(51.21)
On plan assets	–	–	–	–	–

d) Leave encashment charged during the year amount to ₹ 436.21 Lakhs (Previous year ₹ 491.74 Lakhs).

9. INCOME TAXES

The Company follows Accounting Standard 22 'Accounting for taxes on income'.

a) The Company's operations are eligible for significant tax incentives under the Indian taxation laws. These incentives presently include an exemption from payment of Indian corporate taxes for a period of ten consecutive years of operations of software development facilities designated as Software Technology Park or in Special Economic Zone. The management estimates the provision for current taxes and deferred taxes after considering such tax benefits and the expected results of the future operations of the Company.

b) Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carry forward and set off against future tax liability. Accordingly, a sum of ₹ 2,272.19 Lakhs (Previous year ₹ 2,438.90 Lakhs) has been carried forward and shown under 'Loans and Advances'.

c) In addition to Indian operations, the Group has accounted for the tax liabilities of its foreign subsidiaries and the UK branch in accordance with their respective tax legislations.

10. RELATED PARTY DISCLOSURES

The Company has entered into transactions with the following related parties:

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director)

R. Sundar (Executive Director)

(₹ in Lakhs)

	Transactions during the year ended	
	June 30, 2011	June 30, 2010
	Key Management Personnel	Key Management Personnel
Remuneration paid/ payable*:		
Sudhakar Ram	**116.19**	175.12
R. Sundar	**73.78**	73.38

* Refer Note 19 of Schedule 16.

11. SEGMENT REPORTING

Mastek follows AS 17, 'Segment Reporting' issued by the Institute of Chartered Accountants of India, which requires disclosures of financial and descriptive information about Mastek's reportable segments, both primary and secondary.

Mastek's operations predominantly relate to providing IT services, delivered to customers globally. The organizational and reporting structure of Mastek is based on Strategic Business Units (SBUs) concept. The SBUs are primarily geographical segments of Mastek. SBUs are the operating segments of Mastek for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance. These SBUs primarily provide end-to-end information technology solution that includes consulting on time and material basis contracts and fixed bid contracts.

Mastek's reportable primary segments consist of the following SBUs, which are primarily based on the location of the customers: North America operations, UK Operations, and Others. 'Others' include operations of Mastek in other parts of the world including India.

Since Mastek operates only in IT services (which is not classified further by the management), Mastek only has one reportable business segment.

Segmental Reporting on the basis of location of customers

(₹ in Lakhs)

	Year ended June 30,	
	2011	2010
Revenue		
UK	**29,090.85**	37,393.41
North America	**25,804.39**	29,283.72
Others	**4,432.14**	4,705.38
Inter-segment	**–**	–
Total	**59,327.38**	71,382.51
Segment Contribution		
UK	**6,448.47**	11,488.62
North America	**(43.68)**	4,463.24
Others	**(1,518.91)**	630.57
Inter-segment	**–**	–
Total	**4,885.88**	16,582.43
Common unallocable charges	**(9,213.46)**	(10,534.16)
Finance costs	**(116.19)**	(128.57)
Other Income	**1,611.72**	807.76
(Loss)/Profit before taxation and exceptional items	**(2,832.05)**	6,727.46
Exceptional item – impairment of goodwill	**(2,719.93)**	–
(Loss)/Profit before taxation	**(5,551.98)**	6,727.46

Mastek Limited incurs common costs on account of various support functions for services that are provided to SBUs. These support functions mainly include services of technical cell, resources, recruitment, infrastructure, training, quality, etc.

Mastek Limited also incurs expenses on account of corporate functions, which are provided to these SBUs, and which are not specifically allocable to the SBUs. These unallocable costs primarily consist of expenses relating to offices of Directors, interest cost and public relations. Hence, Mastek has disclosed 'Segment Contribution' before the common unallocable charges and interest.

Major portion of segments assets used in Mastek's business comprise of fixed assets, which are primarily located at its off shore centers in India and are commonly used by various SBUs. These fixed assets are therefore not directly identifiable to any particular reportable segment and have been allocated to SBUs on the basis man-months billed by these SBUs.

(₹ in Lakhs)

Other Segmental Information	**Segmental Assets**		**Segmental Liabilities**	
	As at June 30,			
	2011	2010	**2011**	2010
UK	**13,400.10**	26,223.78	**4,796.04**	10,077.23
North America	**27,479.34**	30,094.64	**6,162.95**	9,237.75
Others	**5,780.37**	8,887.76	**2,328.68**	731.16
Segmental Assets/Liabilities	**46,659.81**	65,206.18	**13,287.67**	20,046.14
Unallocated Corporate Assets/Liabilities	**27,039.15**	19,278.30	**11,340.81**	9,660.43
Total Assets/Liabilities	**73,698.96**	84,484.48	**24,628.48**	29,706.57

12. EARNINGS PER SHARE (EPS)

The components of basic and diluted earnings per share were as follows:

	As at June 30, 2011	As at June 30, 2010
(a) Net (loss)/income available to equity shareholders (₹ in Lakhs)	**(5,594.35)**	6,771.62
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS	**26,950,108**	26,923,796
Add: Effect of dilutive issue of stock options	**322,025**	168,742
Considered for diluted EPS	**27,272,133**	27,092,538
(c) (Loss)/Earnings per share (net of taxes) in ₹		
Basic	**(20.76)**	25.15
Diluted *	**(20.76)**	24.99
(Nominal value per share ₹ 5/- each)		

*The effect of potential equity shares on the net loss for the year is anti-dilutive hence the diluted EPS is same as the basic EPS.

13. During the year ended June 30, 2008, MajescoMastek, a subsidiary of Mastek Limited had acquired System Task Group International Limited (STG) w.e.f. January 1, 2008. The terms of purchase provides for payment of contingent consideration to the selling shareholders, payable over two years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed $ 2 Million. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement.

Accordingly MajescoMastek has paid $ Nil (Previous year $ 0.71 Million) equivalent to ₹ Nil (Previous year ₹ 331.58 Lakhs) during the year which has been accounted as additional cost of acquisition in accordance with the terms of agreement. As a result, the goodwill in these consolidated financial statements has been increased by $ Nil (Previous year $ 0.71 Million) equivalent to ₹ Nil (Previous year ₹ 331.58 Lakhs).

14. During the year ended June 30, 2008, MajescoMastek, a subsidiary of Mastek Limited had acquired Vector Insurance Services LLC (Vector) on 1 July, 2007. The terms of purchase provides for payment of contingent consideration to the selling shareholders, payable over two years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed $ 4.5 Million. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement.

Accordingly MajescoMastek has accounted $ Nil (Previous year $ 0.13 Million) equivalent to ₹ Nil (Previous year ₹ 50.78 Lakhs) as additional cost of acquisition in accordance with the terms of agreement. As a result the goodwill in these consolidated financial statements has been increased by $ Nil (Previous year $ 0.13 Million) equivalent to ₹ Nil (Previous year ₹ 50.78 Lakhs).

15. ACQUISITION OF KEYSTONE'S BUSINESS

The Board of Directors of Mastek Limited at its meeting held on May 9, 2009 had approved the acquisition of business activities pertaining to "Keystone Solutions Private Limited" ('Keystone'), a fully owned subsidiary of System Task Group International Ltd. Consequent to this, Mastek Limited had entered into a business transfer agreement dated June 8, 2009 and addendum to agreement dated August 1, 2009 with Keystone to purchase the entire business on a slump sale basis as a going concern for a total consideration of ₹ 2,036 Lakhs with effect from August 31, 2009. This transfer has no impact on the Group's financial position or results of its operations.

16. EXCEPTIONAL ITEM

During the year ended June 30, 2011 Mastek has provided a loss of ₹ 2,719.93 Lakhs on account of impairment of Goodwill of Vector Insurance Service LLC (Vector) a step down subsidiary in USA, as a result of lower than expected economic performance of Vector.

The same has been disclosed as adjustment from Gross block in the Fixed Assets schedule. Considering the nature and amount of loss provided, it has been disclosed as an exceptional item. The same has been disclosed as adjustment from Gross Block in the Fixed Assets schedule (refer Schedule 4, footnote 3).

17. REDUCTION OF CAPITAL OF MASTEK GmbH

Pursuant to management decision to discontinue business operation in Germany, the share capital of Mastek GmbH (wholly owned subsidiary) has been reduced by ₹ 261.42 Lakhs (Euro 515,000) during the year to align with business requirements.

18. MERGER OF KEYSYONE SOLUTIONS LTD WITH MASTEK LTD

The Scheme of Amalgamation of Keystone Solutions Private Limited (a wholly owned step down subsidiary) with the Company with appointed date as July 1, 2011 has been approved by the Boards of Directors of the respective companies. Under the scheme, all assets and liabilities of Keystone will be transferred to and vested in the Company with effect from the appointed date. Since the entire share capital of Keystone is currently held by a wholly owned subsidiary of the Company, upon the scheme becoming effective, no shares will be issued by the Company as consideration in accordance with the scheme of amalgamation. The scheme is pending approval of the Jurisdictional High Court under sections 391 to 394 of the Companies Act, 1956. This amalgamation when approved, will have no impact on the Group's financial position or results of its operations.

19. Excess managerial remuneration paid during the year to the Chairman & Managing Director and an Executive Director of the Company, aggregating ₹ 63.36 Lakhs and ₹ 22.40 Lakhs respectively, over the permissible limits as prescribed under Schedule XIII to the Companies Act, is subject to the approval of shareholders and Central Government of India. The Company intends to apply to the Central Government in this regard.

In the event that the Central Government approval is not received for the amounts mentioned above, these amounts will have to be refunded by such Directors. Had the Company paid managerial remuneration to these Directors as per the limits prescribed under Schedule XIII to the Companies Act, the loss for the year would have been lower by ₹ 85.76 Lakhs.

20. ACQUISITION OF BUSINESS OF SEG SOFTWARE LLC

During the year ended June 30, 2011, Mastek acquired the business and assets of SEG Software LLC, USA, a provider of Policy Administration Software for the life and annuity insurance industry.

The terms of purchase provides for payment of USD 1 million to the selling shareholders which is contingent upon successful achievement of software delivery milestones to a customer and a further consideration payable over three years contingent upon sale of new License values and Maintenance Charges.

The consideration so payable, if any, in future years would be accounted as goodwill.

21. SALE OF INVESTMENT IN MAJESCOMASTEK, USA

During the year, the Company sold 55,035,000 equity shares of MajescoMastek, USA (a wholly owned subsidiary before this sale) to Mastek UK Ltd. (also a wholly owned subsidiary) for a total consideration of ₹ 4,914.54 Lakhs. After the sale, Mastek Ltd. holds 70% of MajescoMastek and the balance 30% is held by Mastek UK Ltd.

22. The previous year's figures have been regrouped/ reclassified, wherever necessary.

Signatures to Schedules 1 to 16
For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	Year ended June 30, 2011	Year ended June 30, 2010
		(₹ in Lakhs)
Cash flows from operating activities		
Net Profit before tax	**(5,551.98)**	6,727.46
Adjustments for:		
Interest income	**(498.15)**	(491.62)
Income from investments (current, non-trade)	**(149.42)**	(140.39)
Employee Stock Options	**88.50**	57.00
Interest expense	**100.22**	107.93
Depreciation and amortisation	**2,878.84**	2,673.06
Exceptional Item	**2,719.93**	–
Provision for doubtful debts	**57.11**	106.71
Bad debts written off	**50.68**	–
Loss/(Profit) on sale of asset	**3.08**	(4.11)
Loss on Investments written off	**–**	1.91
Profit on sale of investments (Long-term, trade)	**(0.90)**	(0.03)
Unrealised Foreign exchange (gain)/loss	**(383.04)**	651.49
Operating (loss)/profit before working capital changes	**(685.13)**	9,689.41
Decrease/(Increase) in sundry debtors	**3,206.14**	(1,035.79)
(Increase)/Decrease in loans and advances	**(23.86)**	616.46
(Decrease) in liabilities and provisions	**(325.00)**	(4,130.38)
Cash generated from operations	**2,172.15**	5,139.70
Income taxes paid (net of refunds received)	**(1,228.09)**	(1,997.89)
Net cash from operating activities	**944.06**	3,141.81
Cash flows from investing activities		
Proceeds from sale of fixed assets	**21.45**	38.54
Purchase of fixed assets, net of capital work in progress capitalised	**(2,826.49)**	(2,285.71)
Interest received	**498.15**	491.62
Sale proceeds of current investments	**36,619.32**	66,817.37
Dividend from current investments	**149.43**	140.39
Purchase of current investments	**(40,828.42)**	(58,653.45)
Net cash (used in)/from investing activities	**(6,366.56)**	6,548.76

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011 (CONTD.)

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
Cash flows from financing activities		
Proceeds from equity share capital	**11.29**	105.26
Proceeds from Working Capital Loan (net)	**447.00**	–
Payment of Lease obligation	**(20.84)**	(67.22)
Repayment of Long Term loan	**(2,769.90)**	(2,633.88)
Dividends paid (including Corporate dividend tax)	**(393.71)**	(2,980.68)
Interest paid on loans and lease obligations	**(100.22)**	(107.93)
Net cash (used in) financing activities	**(2,826.38)**	(5,684.45)
Effect of exchange changes	**189.44**	(86.08)
Total increase in cash and cash equivalents during the year	**(8,059.44)**	3,920.04
Cash and cash equivalents at the beginning of the year	**17,779.26**	13,859.22
Cash and cash equivalents at the end of the year	**9,719.82**	17,779.26

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Assets acquired on lease - ₹ 48.77 Lakhs (Previous year ₹ 8.88 Lakhs) being a non-cash transaction has not been considered in the cash flow statement.
3. Cash and cash equivalents includes ₹ 52.14 Lakhs (Previous year ₹ 53.10 Lakhs) restricted on account of unpaid dividend.
4. Figures in brackets indicate cash outgo.
5. Previous year's figures have been regrouped/reclassified wherever necessary.

This is the consolidated cash flow referred to in our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

KEY STATISTICS

(₹ in Lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	**2010-11**
Total Income	81,036	91,619	96,497	72,190	**61,421**
Operating Profit (EBIDT)	14,780	18,205	18,153	9,529	**163**
Net Profit	10,692	12,588	14,116	6,772	**(5,594)**
EPS (₹/share)	37.8	44.23	52.45	25.15	**(20.76)**
DPS (₹/share)	7.5	10.0	10.00	3.25	**–**
Growth in					
Revenue/Income	16%	13%	5%	-25%	**-15%**
Operating Profit	13%	23%	-0.3%	-47.5%	**-98%**
Net Profit	55%	18%	12%	-52%	**-183%**
Operating Profit Margin	18%	20%	19%	13%	**0.3%**
Net Profit Margin	13%	14%	15%	9%	**-9%**
Effective Depreciation rate	4%	4%	3%	4%	**5%**
Effective Tax rate	26%	14%	4%	-1%	**-1%**
Interest Cover	132.64	41.50	31.77	53.33	**NA**
Return on Networth	27%	34%	31%	13%	**-11%**
Debt/Equity (Debt includes Preference Shares)	0.00	0.22	0.14	0.08	**0.04**
Current Ratio	1.7	1.5	1.7	2.9	**1.8**
Debtors Turnover (No. of days)	96	124	77	99	**97**
Depreciation/Average Gross Block	15%	11%	7%	6%	**6%**
Dividend Payout	20%	23%	19%	13%	**–**
Dividend Yield	2.6%	2.7%	4.5%	1.3%	**–**
Operating Cash flows	8,990	8,507	21,426	3,142	**944**
Capital Expenditure in Fixed Assets	3,914	17,676	4,395	2,286	**2,826**
Cash and Cash Equivalent (including investment in Mutual Funds)	19,897	13,173	23,996	19,752	**15,903**
Cash and Cash Equivalent as % of total assets	57%	27%	41%	34%	**31%**
Book Value of Shares	123.54	145.84	189.03	203.30	**182.07**
Market Value to Book Value	2.4	2.5	1.2	1.3	**0.6**
Price Earning Multiple	8	8	4	10	**–**
Group Employees as at the year end	3315	4071	3759	3243	**2905**
Offshore (No.)	2292	2870	2822	2449	**2138**
Onsite (No.)	1023	1201	937	794	**767**
Off-shore Facility (Sq. feet)	307892	343554	343554	343554	**343554**

- **Overview of the industry and business environment**
- **Mastek's differentiated business model: Verticals focused, IP led**
- **Review of financial and operating performance**
- **Business outlook**
- **Internal control systems and risk management**

Cautionary statement:

This Management Discussion and Analysis of the Company's performance and outlook may contain forward-looking statements that set out anticipated performance based on the management's plans and assumptions. Its aim is to facilitate a better understanding of the Company's prospects and make informed decisions. We cannot guarantee that any forward-looking statement will be realized, though we have been prudent in our plans and assumptions. The forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management analysis only as of the date hereof. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. For any further clarification please contact Mastek Investor Relations (investor.relations@mastek.com)

OVERVIEW OF THE INDUSTRY AND BUSINESS ENVIRONMENT

FY 2011 saw an improved performance by the Indian IT services sector as a result of the major customer markets witnessing an improvement in their respective economies.. NASSCOM has forecast an export revenue of $68 billion to $70 billion, a growth of 16-18% for the Indian IT services sector in fiscal 2012, as demand for outsourcing services by clients in the developed markets is expected to remain strong. The latest quarterly spending outlook by research major, Gartner, says that worldwide IT spending is on a fast track to grow quicker than previously expected, at 7.1% in 2011. The earlier projected growth was to the tune of 5.6%. Gartner says the IT services segment will see growth doubling from last year, up 6.6% to USD 846 billion in 2011. According to the report, enterprise software will pick up 9.5% in spending, which bodes well for IT. Cloud services, however, walks away with the cake, growing four times faster than overall spending. In addition to the pent-up demand for IT-BPO services, the prominent growth drivers are the return of discretionary spend and the emergence of new business models that is encouraging for first time clients and holds a new value-proposition for existing customers.

An important development has been the recognition of India's domestic IT services as a large emerging market in high growth mode. As per Gartner, the India IT services market is on pace to reach USD 9.5 billion in 2011, an 18% increase from the previous calendar year's revenue of USD 7.6 billion. India's domestic IT services market ranks third in Asia/Pacific and is expected to grow to USD 15 billion by the end of 2014. India's IT services market is quite small as compared with large markets such as the US or the UK, but it does offer a growth opportunity to the service providers because of the buoyant market conditions.

While business remains good for the Indian IT services industry, there are concerns and roadblocks, which may result in a potential slowdown going ahead. These can be categorized into macro issues, socio-political worries, supply-side constraints, wage inflation and increasing customer expectations. Foremost amongst the macro issues is the threat of double-dip recession in the US coupled with the fallout of Europe's debt crisis. There is a concern that these factors along with the high unemployment rate in the US could potentially lead to slower decision making by top outsourcing customers. The requirement of skilled manpower in the face of an increase in demand along with rising domestic inflation may lead to expectations of significant wage hikes, which will dent profitability. Visa problems, hitherto an irritant, has suddenly attained a greater dimension and could lead to higher costs and challenges in the near term. However, it is too early to assume that it could be a disruptive phenomenon in the context of the existing business model. Also, the rising scale of business coupled with customer expectations has increased the urgency for developing non-linear initiatives and investing in new technologies, which may nudge some of the Indian IT services companies out of their comfort zone.

Indian IT services companies have experienced appreciable increase in revenue in the previous fiscal which is expected to continue in the current year driven by strong volume growth. Importantly, there has been a strong growth in discretionary services, an indication of the strength in the demand momentum. The industry remains cautious but has not seen any weakening of demand as clients continue to fund new projects and ramp-ups are proceeding smoothly. Though macro issues continue to weigh on the minds and prospects of customers, there has not been any notable deferral or cancellation of projects. While the cost of labor and infrastructure in Tier 1 cities has been rising, it still is one of the lowest in the world, thus offering the opportunity for Indian companies to retain the competitive edge. The incremental increase in hiring and wage hikes given by the industry is an outcome of positive demand scenario and an attempt to address supply side constraints. The worry of a crisis in European markets is not an incremental negative. Moreover, every part of Europe is not going thru difficulties. Pricing environment continues to be stable with an upward bias in the backdrop of improving demand environment. It must be remembered that the industry has grappled with crisis in the background of economic woes and customer concerns and has emerged stronger from each of these difficulties.

The potential insurance outsourcing market is enormous, with nearly 3,000 insurance companies in the US alone. Globally, the banking, financial services and insurance (BFSI) verticals are the fastest growing segments in outsourcing. A leading research agency states that Insurance companies have traditionally been among the slowest adopters of outsourcing/off-shoring due to the alienation of different cultures and fear of loss of Executive Control. Also outsourcing insurance services comes with its own concerns, including ensuring the security of the highly sensitive process. However shrinking margins, higher claims disbursement and increasing competition in recent years have forced insurance companies to look at outsourcing/off-shoring to improve efficiencies and channelize resources towards the core functions of product development and innovation.

One of the interesting results of Gartner's 2011 CIO survey was that almost two-thirds of the insurance CIOs don't see their organizations pursuing unique or differentiated business strategies in their industry. In such a case, a potential threat for the insurance industry would be the challenge from new market entrants or disruptive business models. Moreover, life insurers are under considerable pressure to reduce operational costs, retain customers and improve operations effectiveness through strategies such as straight-through processing (STP). It is imperative that insurers balance operational efficiency initiatives with those targeted at protecting brand image, strengthening distribution and improving product development processes. Using a combination of new technologies, process improvements and organizational transformation, insurers can reinvent themselves, shift business models and align with emerging customer demands. Several niche providers with relevant domain expertise are emerging, encouraging insurance companies to outsource more value-added services.

The Government sector continues to be amongst the top 4 verticals in terms of IT services spends. There are two visible trends in this market. Some of the governments in developed markets have had to adopt a freeze on spending, either voluntarily or otherwise, which has led to shrinking budgets for IT services for e.g. The United Kingdom. However, the presence of budgets in some areas has led to opening up of demand. The second trend is the increasing use of IT services in the emerging markets, especially Asia-Pacific, which is encouraging. The domestic market has witnessed both central and state governments roll out a number of e-governance initiatives. Importantly, the earlier uncertainty in the context of Government spend has given way to some clarity on the direction of future potential transactions.

In conclusion, there is uncertainty on the macro front, the degree of which varies across geographies. While there is a possibility of this turbulence disturbing the demand scenario, the Indian IT industry has not witnessed this element in the business environment, both in terms of growth and demand.

MASTEK'S DIFFERENTIATED BUSINESS MODEL

Mastek is a management and technology services solutions provider. Mastek's core expertise lies in building, deploying and maintaining technology solutions for businesses and governments worldwide. Mastek operates at the higher end of the IT value chain creating technology-related solutions for customers that enable them to run their businesses more innovatively, compete more effectively, operate more efficiently, and become more profitable. Mastek's techno-solutions are highly scalable and create a high business impact for its clients.

What differentiates Mastek from the crowd is the ability to partner with its clients and provide personalized solutions. The years of experience have provided Mastek with a substantial base of Intellectual Property and Intellectual Capital. This in turn enables it to speed up and de-risks the solutions design and delivery.

Mastek focuses and specializes in delivering transformational programs for the Public Sector and the Insurance industry (Life and Non Life) and on Strategic Programs for the Health, Financial Services and IT industry. The understanding of the industry and market along with the understanding of its own business means that it can deliver high value-assured solutions to its clients.

The Company's 90%+ on time delivery record, in an industry where hardly 30% of the large projects are delivered on time, is a key reason why its partners and customers retain their relationship with the Company for an extended period of time and Mastek remains a partner of choice for several Systems Integrators (SI's).

Insurance

Mastek's solutions for the insurance industry address both the life and non-life segments. The Insurance vertical delivered revenues of ₹ 245.7 crore during FY2011, comprising 41.4% of operating revenues.

Over the years, Mastek has made huge investments towards building the Life & Annuity (L&A) platform namely the Elixir platform, and its variations such as the new Elixir4 and ElixirAsia, as well as modules like EDM, and NB+U that are designed to serve the L&A segment in insurance. The acquisition of SEG software during the year under review has also strengthened its strategy for an end to end insurance platform in North America.

For the property & casualty (P&C) segment of the insurance industry, the Company offers the STG Suite, comprising the point of sale, policy administration, billing, and claims modules. Many of these solutions are well regarded within the market, which often gets reflected in opinions and views of industry analyst firms like Gartner, Novarica, and Celent as well. During the year under review, Mastek has made investments in enhancing its billing module in the P&C platform to make it more robust and in line with customer expectations.

Public Sector (Government)

Mastek has many years of experience in working closely with governments on large-scale, complex projects that have made a valuable difference to millions of people. The Company conceptualizes, architects, and delivers new technology based solutions that enable cities and countries to transform.

Although there could be different end-uses within the Government, ranging from health and transportation to defence and education, there is a common set of underlying capabilities that comes into play each time the Company undertakes an assignment. These include the ability to work along with multiple other vendors on the project and manage large programs.

The Company has created a database of metrics that enable it to better price and manage such programs. The partnership model of operating in the Public Sector within UK has worked extremely well for the Company. While the Company continues to build its relationship with existing partners, it has during the year under review, built newer relationships with other players to expand its footprint within the UK. This is expected to benefit the Company in the long term. In India, the Company has chosen to operate directly and has been successful in delivering niche projects in the area of sales, tax, public distribution, social justice, e-municipal etc.

During the year under review, this vertical contributed ₹ 140.9 crore comprising 23.8% of the operating revenues.

Others - Strategic Programs

Mastek also derives a significant part of its business from customers that may not fall within the Insurance or Government verticals but are still important accounts from a strategic, historic relationship or long-term growth potential perspective. These include clients in other financial services, health and IT industry. Some of these clients are also services-led, and there the Company did face some pricing pressure during the year under review. The Company plans to make efforts to try and compensate for that either through increased volumes or better pricing terms during the course of the next couple of years.

REVIEW OF FINANCIAL AND OPERATING PERFORMANCE

Financial performance review

The Company's performance for the financial year ended June 30, 2011 under review (FY 2011) was affected by a number of factors. Key among those was the marked decrease in clients engaging in transformational deals due to the global economic crisis and particularly in UK where Mastek has a substantial presence. The long sales cycles of our projects as well as reduction in insurance revenues from Capita, UK added to the head winds that the Company faced this year. The above mentioned reasons along with our continued product development spends in the insurance vertical in North America and wage hikes to retain the best talent had a substantial impact on our financial performance.

On a consolidated basis, the Company registered a total income of ₹ 614.2 crore in FY2011. This represents a 14.9% decline compared to ₹ 721.9 crore in the preceding year. As a consequence, the Company incurred a loss of ₹ 55.9 crore in FY 2011 compared to the profit of ₹ 67.7 crore in FY 2010. The loss is after considering an exceptional item of ₹ 27.2 crore in relation to impairment of goodwill of Vector Insurance services.

Break up of the Operating Revenue by regions

Region	**FY 2011**		FY 2010	
	₹ Crore	**% of revenue**	₹ Crore	% of revenue
North America	**258.0**	**43.5**	292.8	41.0
Europe	**290.9**	**49.0**	373.9	52.4
Others (India/ Asia Pacific)	**44.3**	**7.5**	47.1	6.6
Total Operating Revenue	**593.2**	**100.0**	713.8	100.0

The North American operations, which now includes both the US and Canada businesses, registered a de-growth of 11.9% to ₹ 258.0 crore from ₹ 292.8 crore last year primarily due to lack of new account wins in the first half of the year.

The European operations (namely UK) contributed ₹ 290.9 crore in revenues, as compared to ₹ 373.9 crore during the corresponding period last year. The de-growth of 22.2% was due to the general sluggishness in the UK market for transformational deals along with a ramp down of the insurance business with its key client, Capita UK.

The drop of 6% in the India Asia Pacific region was largely due to the drop in Insurance revenue from India on the back of IRDA regulations impacting insurance players in India.

Break up of the Operating Revenue by verticals

Vertical	**FY 2011**		FY 2010	
	₹ Crore	**% of revenue**	₹ Crore	% of revenue
Insurance	**245.7**	**41.4**	258.5	36.2
Government	**140.9**	**23.8**	196.7	27.6
Financial Services	**101.1**	**17.0**	133.2	18.7
IT & Other Services	**105.5**	**17.8**	125.4	17.5
Total Operating Revenue	**593.2**	**100.0**	713.8	100.0

The Insurance vertical delivered revenues of ₹ 245.7 crore during FY2011, comprising more than 41.4% of overall revenues. This was however 4.9% lesser than the ₹ 258.5 crore which we had registered in the last fiscal. Reduction in revenue from Capita Insurance as well as poor demand from transformational initiatives in insurance projects in India due to stringent IRDA regulations were the main reasons for the decline.

There was a drop of over 28% in revenues in the Government vertical in FY 2011 compared to FY 2010. This was primarily due to several projects in the public and private sector being impacted by the budgetary constraints from the UK government, ramp-down of project development in the BT/NHS program and a weaker pound sterling.

The drop in the other two verticals, namely Financial services and the IT/Other services was largely due to the lack of new named accounts.

Profitability

The Company ended the year with a loss of ₹ 55.9 crore in FY 2011 compared to a net profit of ₹ 67.7 crore in FY 2010. The loss which is unprecedented in the history of the Company was the result of a combination of the following factors:

- Decrease in revenue growth due to sluggish demand for transformational initiatives and ramp down of Capita, one of our key clients.
- Increase in wages for employees to retain the best talent despite the drop in revenue.
- Project specific delivery issues in some of the smaller accounts.
- Impairment of goodwill to the extent of ₹ 27.2 crore on account of Vector Insurance Services.
- Additional depreciation charge of ₹ 5.46 Cr on the assets lying at its Chennai SEZ facility, although the facility has not yet been put to use.

Balance Sheet

Fixed Assets

The Gross fixed assets (including Capital work-in-progress) for FY 2011 closed at ₹ 479.3 crore, as compared to ₹ 486.1 crore of the corresponding period last year. During the year, Mastek incurred ₹ 28.2 crore towards Normal Capital Expenditure and the acquisition of all the assets of SEG Software LLC, and adjusted its Gross fixed assets by considering an impairment charge of ₹ 27.2 crore on account of Goodwill of Vector Insurance Service LLC.

Current Assets

Receivables for the year stood at ₹ 163 crore as compared to ₹ 195.1 crore in FY 2010. This translates to a DSO of 97 days which is lower than the 4 days of last year. Better collection management contributed substantially to the improved DSO days.

Cash and cash equivalent (including investments in mutual funds) at the end of the year was ₹ 159 crore as compared to ₹ 197.5 crore in FY 2010. The cash and cash equivalent continue to be at a good levels despite the subdued financial performance in this year.

Loans and advances at the end of the year was ₹ 149.4 crore as compared to ₹ 151.9 crore in FY 2010.

Current liabilities and provisions at the end of the year was lower at ₹ 227.9 crore as compared to ₹ 255 crore in FY 2010.

Secured loans stood at ₹ 18.4 crore at the end of the year as opposed to ₹ 42 crore at the end of FY 2010. The decrease is primarily on account of repayment of a US Dollar denominated Term loan from a Bank.

In FY 2011, the Company generated ₹ 9.4 crore of Net Cash from operating activities as compared to ₹ 31.4 cr in FY 10. During the year, the Company incurred Capital Expenditure of ₹ 28.2 crore and repaid Loan of ₹ 27.7 crore. This was financed from the cash and cash equivalent (including investment in mutual funds) available with the Company at the beginning of FY 11.

Operations review

Mastek in the current year has aligned it's business units into 8 distinct verticals or value corridors across 3 geographies. Value Corridors operate as a business unit that is responsible for a set of value propositions that are taken to a target market in a consistent, scalable fashion – enabling delivery of superior differentiated value to our clients and partners by aligning all aspects of value delivery namely – marketing, sales, engagement/solutioning, delivery and our platforms, products and productized services.

Despite strain on the revenue, the Company continued to make substantial investments in the insurance product portfolio. These investments are necessary to consolidate Mastek's position as an IP-led solutions provider. The Company reinforced the sales and marketing teams within the UK and North America with a clear focus to increase the order book position and ensure that the Company is ready to address any opportunity pipeline as and when they arise. The Company has also identified cost improvement areas and is addressing the same by taking the necessary steps to improve the overall margins for the Company.

While all the above initiatives and efforts made during the year have not really translated to the build up of the revenues and profitability in FY 2011, they are expected to give the necessary fillip to financial performance in the coming year. However, there were some noticeable achievements in the year gone past and some of the successes have been highlighted below.

- **Tie-up with Foresters:** Mastek is working with Foresters, a life insurance provider, as a technology partner in their major transformational initiative to modernize Foresters infrastructure. The Foresters partnership will leverage our insurance technology solutions in three major areas of business transformation – New Business and Underwriting, Policy Administration, and Producer Portal. This is a clear example of a business impact solution where Foresters will be able to derive dramatic cost savings in both policy acquisition and inforce maintenance.
- **Partnership with Social Justice Department:** Mastek was selected as partner of choice by the Social Justice department of the State of

Maharashtra to implement the e-scholarship programme which will benefit over 32 lakh students in the state. Apart from enabling granting procedures, the solution caters to processes of scholarship suspension, renewal and cancellation. The system also provides the department with MIS to monitor and analyze the scholarship distribution and disbursement. This is another example of a solution that benefits the end customer by ensuring complete transparency and thereby eliminating fraud in the system. These are but just a few examples of instances where Mastek has delivered business impact to customers.

- **Launch of Electronic Registration and returns filing with Orissa Commercial Tax Department:** Mastek collaborated with the Department of Commercial Tax of Orissa and launched Electronic Filing of Commercial Tax Returns and Electronic application of Registration for Tax Identification Number (TIN)/Small Registered Dealers Identification Number (SRIN) through their website www.orissatax.gov.in. This has resulted in Orissa Commercial Taxes Department emerging as one of the most IT-enabled Government Department in Orissa, and also an IT mature Department amongst its peers in other States. The solution brings about manifold benefits to the department as well as dealers and merchants. It helps do away the long queues and time spent at the Department office thereby increasing the convenience of the dealers/merchants in their interaction with the Department.
- **Acquisition of SEG Software:** Mastek acquired all the assets of Glastonbury, CT based SEG Software, LLC, a leading provider of policy administration systems covering individual and group life, health & annuity insurance products. This acquisition reinforces the Company's commitment to the North American insurance market and will expand their presence and capabilities in the life and annuity policy administration arena.
- **Successful Implementation of Insurance Platform in UK:** Mastek was successful in implementing the end to end Elixir Platform for Group Protection for its client Legal and General (L&G) in the UK. The Elixir technology will help position L&G at the forefront of the Group Protection market in the UK and reap the benefits of their competitive advantage in the years ahead. While the launch of the new technology opens up new channels for growth and diversification, it is also aimed to improve and enhance the service L&G give its customers and the ability to respond quickly to the changes, challenges and opportunities in the market place. For Mastek, it has been a significant landmark of having tasted success in a tough market situation and will help showcase this achievement for building the insurance business in the UK.
- **Strategic tie-up with FSA:** Mastek signed a strategic framework agreement with the FSA to become an application development partner to the regulator for the next 4 years. The strategic deal is the culmination of an exhaustive competitive selection process that saw Mastek being selected in particular for a strong track record in delivering large, complex and innovative projects. Set up by the government in 2001, the FSA is the main statutory regulator for the UK financial services industry regulating some 29,000 financial services firms. Mastek is now one of a handful of approved Service Providers to the FSA, and will focus specifically on the provision of application development services, working to support the FSA's objectives to meet its regulatory and operational goals.
- **Multi-Year agreement with UK Client:** During the last quarter of FY 2011, the Company was successful in closing a major multi year deal with an UK client with an initial revenue commitment of GBP 8 million. This win is a critical one for the UK region after a long dry spell and also reinforces the confidence which the client reposes in Mastek to deliver critical programs

Update on Board of Directors: The Mastek Board currently has 8 members, of which 4 are independent Directors and the remaining 4 are founder Directors. The Directors' Report in this Annual Report discusses the changes within the Company's Board of Directors in greater detail.

Update on leadership team: In June 2011, Mr. Mrinal Sattawala, Group President, resigned from the organization. Mr. Sudhakar Ram, the Company's Chairman & Managing Director has now taken over responsibility of all Operations and the senior leadership team reports to him directly.

People: As on June 30, 2011, the Company had a total of 2,905 employees, of which about 26% were based on-site while the rest were at various offshore locations. The Company continues to recruit fresh talent and intends to add more technical resources at various levels during the new fiscal.

Recognitions and ratings

Mastek's efforts to emerge as a high-end IT solutions provider of choice have been gaining recognition, with some key ones summarized below:

Mastek's Elixir Distribution Management Receives "Positive" Rating from Leading Analyst Firm: Elixir Distribution Management, the channel management system, received a "Positive" rating from Gartner, Inc's MarketScope report. This rating from Gartner is recognition of Elixir's Distribution Management's enhanced capabilities including licensing and appointment processing, compensation calculations, reporting and analytics, workflow management and correspondence.

Apollo Munich Health Insurance wins Celent Model Insurer Asia 2011 Award: Apollo Munich Health Insurance Co. Ltd. (AMHI), was felicitated with the **Celent Model Insurer Asia 2011 award** in the Policy Administration System (PAS) category. The award recognizes excellence in technology best practices at insurers in Asia, in various categories. Apollo Munich implemented Mastek's ElixirAsia Health within a period of 60 days. The workflow-enabled system supports straight through processing (STP) of the whole health product life cycle with integration to all back end systems. The ElixirAsia Health solution standardized insurance activities for different lines of business providing integrated support for distribution management, underwriting and financial receipting. The system's customer-centric framework allowed a single-window view of all insurance functions thereby increasing productivity of the Business Users.

BUSINESS OUTLOOK

FY2012 promises to be a better year with increased traction across our key geographies in UK and North America. Positive signals of our momentum can be witnessed from the deal wins in UK, increasing pipeline of opportunities in the Non-Life (Property & Casualty) space in North America, improved order backlog position and some exciting developments on the Government side in India. The initiatives that have been put in place in FY 2011 are expected to translate into revenue growth while the Company will strive to getting back to profitability.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Mastek's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrices and to identify opportunities and risks with regard to its business operations.

Internal control systems

The Company has mechanisms in place to establish and maintain adequate internal controls over all operational and financial functions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines, and regulations as applicable in a transparent manner.

Mastek maintains adequate internal control systems that provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. The Company uses an enterprise resource planning (ERP) package that enhances the efficiency of its internal control mechanism.

The Company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Mastek has appointed an independent audit firm as its Internal Auditors, and the Audit Committee reviews its findings and recommendations at periodic intervals. Mastek's internal control system is adequate considering the nature, size and complexity of its business. Mastek has also put in place a strong enterprise risk management function which oversees the risk management of the Company on an ongoing basis.

Enterprise Risk Management: The primary objective of the Enterprise Risk Management (ERM) function is to:

- Provide a framework that enhances risk response decisions
- Reduce operational surprises and thereby losses
- Identify and manage cross-enterprise risks

The ERM policy, approved by the Board, lays down the risk management process, expected outcomes, governance and reporting structure. The policy also stresses on the importance of having a strong risk culture for ERM to succeed.

Risk Governance Structure: Mastek has put in place a strong risk governance model to ensure risk management principles are followed throughout the organization and a risk culture inculcated. This ERM process and policy is approved by the Governance Committee of the Board and is executed through the Risk Management Committee (RMC), represented by the business and functional heads within Mastek. The RMC is responsible for:

- Being the primary champion of risk management at strategic and operational level
- Setting policy and strategy for enterprise risk management
- Ensuring risk management policies are implemented with the right spirit through a monitoring mechanism
- Building a risk aware culture within the organization including appropriate trainings
- Informing the Board (through the Audit Committee) about the ERM status & top risks of the Company on a timely basis

Risk Champions: The RMC is supported by the risk champions who are responsible for:

- providing oversight to line managers who manage risk on a day-to-day basis

- promoting risk awareness within their operations
- ensuring risk management is incorporated right from the conceptual stage of projects / opportunities
- ensuring compliance to the risk management procedures
- providing periodic reports to the RMC

A discussion of key risks and concerns, and measures aimed at mitigating them, are discussed in the following paragraphs.

Strategic risks: The Company could be susceptible to strategy, innovation, and business or product portfolio related risks if there is any significant and unfavourable shift in industry trends, customer preferences, or returns on R&D investments. Mastek does have the benefit of being very entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent. The Company's investments in intellectual property creation too are being done in a measured manner and are focused more on extending and strengthening existing offerings rather than on new business or end-use/application areas.

Macro-economic risks: Risks emanating from changes in the global markets such as the recent financial meltdown, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movements in economic cycles in the Company's target markets and volatility in foreign currency exchange rates could have a negative impact on the Company's performance. This risk is mitigated to some extent due to the Company's presence in multiple, diverse markets from Europe to Malaysia and India. The Company also takes necessary steps such as forex hedging to mitigate exchange rate risks.

Competition-led risks: Mastek operates in a highly competitive industry, replete with much bigger competitors, in both India and abroad. Shifts in clients' and prospective clients' dispositions could affect its business. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.

Dependence on Key Personnel: Mastek has one of the best management teams in the industry and this has been a critical enabler of its operating successes. Any loss of personnel through attrition or other means may have an impact on the Company's performance. Mastek does endeavor to have an effective succession plan in place to mitigate these risks.

Client and account risks: The Company's strategy is to engage with a few strategic customers and build long-term relationships with them. Any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook. Mastek does have the benefit of being very entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

Contractual, execution and delivery related risks: The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. Mastek does have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.

Acquisition/M&A related risks: Well-considered, properly evaluated and strategic acquisitions form part of the Company's growth strategy. There is no guarantee, however that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the Company would undertake all due care and diligence in the process of making any acquisition.

In addition to the aforementioned issues, there are multiple other risk factors that the Company believes it will need to take cognizance of and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions. The Company does take necessary insurance or related cover in cases as necessary.

Shareholders and investors are advised to go through the section on Management Discussion & Analysis and Investor information provided in the Report on Corporate Governance, as these and other parts of this Annual Report provide substantial information about the Company that you may find relevant and useful.

1. WHEN WAS MASTEK LTD. INCORPORATED AND WHEN DID IT HAVE ITS INITIAL PUBLIC OFFER?

Mastek Ltd. was incorporated in the name and style of Management and Software Technology Private Limited on May 14, 1982. The first public offering was made in December 1992 at a price of ₹ 70 (premium ₹ 60) followed by another public issue in 1996 at a price of ₹ 190 (premium of ₹ 180). The Company issued bonus shares in the ratio of 1:1 in January 2000. The Company's shares were sub-divided from ₹ 10 to ₹ 5 in November 2000. The Company issued bonus shares in the ratio of 1:1 in April 2006.

2. WHICH ARE THE SUBSIDIARIES OF MASTEK LIMITED AND WHERE ARE THEY LOCATED?

Mastek Limited has the following subsidiaries located in respective countries:

MajescoMastek in the USA

Mastek (UK) Limited in the United Kingdom

Mastek Asia-Pacific Pte. Ltd. in Singapore

Mastek MSC Sdn. Bhd. in Malaysia

Mastek GmbH in Germany

Vector Insurance Services LLC in USA

Systems Task Group International Ltd. in USA

Keystone Solutions Pvt. Ltd. in India

Mastek MSC Thailand Co. Ltd. in Thailand

MajescoMastek Canada Ltd. in Canada

In addition to the above subsidiaries, Mastek has a branch in UK, Japan and Korea.

3. WHAT IS THE CORE BUSINESS OF MASTEK LIMITED?

Mastek is an IT solutions player with global operations providing new technology and intellectual property-led enterprise solutions to insurance, government, and financial services organizations worldwide. Mastek's strengths are in architecting solutions for large, complex and mission critical business problems, and delivering these solutions with high levels of predictability.

4. WHAT IS THE EMPLOYEE STRENGTH OF MASTEK GROUP?

As on June 30, 2011, the Mastek Group had 2905 employees.

5. HOW MANY SOFTWARE DEVELOPMENT CENTRES DOES MASTEK HAVE?

Mastek has seven development centres out of which six are located in and around Mumbai, India and one in Pune, India. Mastek also owns about 15 acres of land in a SEZ near Chennai, which is not operational at this time.

6. HOW MANY MARKETING OFFICES DOES MASTEK HAVE?

Mastek has 13 marketing offices located across multiple geographies: 1 each at Theale and London in the UK, Villingen in Germany, New York and New Jersey in the US, in Singapore, Kuala Lumpur in Malaysia, Tokyo in Japan, Seoul in South Korea, Bangkok in Thailand, in Hongkong and domestic marketing offices in Mumbai and New Delhi.

7. WHAT IS THE FISCAL YEAR FOR MASTEK?

The fiscal year for Mastek is a period of 12 months starting July 01, every year.

8. WHAT IS THE DIVIDEND TRACK RECORD OF MASTEK LIMITED?

Fiscal Year	Shares Outstanding in mn.	Dividend per share ₹	Total Dividend ₹ in mn
1993	3	2.50	4.68
1994	3	3.50	10.50
1995	3.06	3.50	10.53
1996	3.46	3.50	10.99
1997	3.46	3.50	12.10
1998	3.46	3.50	12.10
1999	3.46	4.00	13.82
2000	6.91	4.00	27.65
2001 *	13.88	2.00	27.77
2002 *	13.94	3.00	41.91
2003 *	14.11	3.00	42.34
2004 *	13.88	3.00	41.64
2005 *	13.87	7.50	103.61
2006 *	28.14	6.50	140.31
2007 *	28.46	7.50	213.23
2008 *	27.62	10.00	275.73
2009 *	26.89	10.00	268.99
2010 *	26.94	3.25	87.57
2011	26.95	–	–

*indicates dividend on face value of ₹ 5 per share.

9. HOW DOES ONE GET THE ANNUAL REPORT AND QUARTERLY RESULTS OF MASTEK?

The annual report as well as quarterly results along with analysis are available on our website www.mastek.com in the “Investors” section.

10. WHO IS THE SHARE TRANSFER AGENT?

The Share Transfer Agent of Mastek is SHAREPRO SERVICES, whose address appears below:

Sharepro Services (I) Pvt. Ltd.
Samhita Warehousing Complex. 13AB,
Gala No. 52, Nr. Sakinaka Telephone Exchange,
Off. Kurla-Andheri Road, Sakinaka,
Mumbai - 400 072.
Contact Persons: Ms. Indira/ Ms. Sarita
Tel.: 022-6772 0300 Fax: 022-2837 5646

11. HOW DOES ONE TRANSFER HIS/HER SHARES OR CHANGE THE ADDRESS WITH THE TRANSFER AGENT?

For the transfer of shares in physical form and noting your change of address, you need to write to our share transfer agent at the above mentioned address.

Transfer of shares in the electronic mode is effected through your depository participant.

12. WHOM DOES ONE CONTACT IN CASE OF NON-RECEIPT OF DIVIDEND, LOSS OF SHARE CERTIFICATES ETC.?

You may contact Sharepro Services, which will advise you accordingly. You may also communicate with the Company in the event of any unresolved issues via. email at investor_grievances@mastek.com.

13. IS ELECTRONIC CLEARING SERVICE (ECS) FACILITY AVAILABLE FOR PAYMENT OF DIVIDEND?

Mastek extends ECS facility to all its shareholders. The dividend amount of shareholders availing ECS facility is directly credited to their bank accounts. Shareholders holding shares in physical form have to submit an ECS Mandate form to Sharepro Services whose address is given above.

14. WHICH ARE THE STOCK EXCHANGES WHERE MASTEK SHARES ARE LISTED?

Mastek’s shares are listed in India on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

15. HOW CAN THE SHARES BE DE-MATERIALIZED AND WHO ARE THE DEPOSITORY PARTICIPANTS (DP)?

Mastek’s shares are traded only in electronic form with effect from June 2000. Shares can be dematerialized by opening the demat account with the depository participant (DP). DPs are some of the banks, brokers and institutions who have been registered with National Securities Depository Limited (NSDL) or Central Depository Services (I) Limited (CDSL). A comprehensive list of DPs is available at www.nsdl.com and www.cdslindia.com.

MASTEK LIMITED

1. FINANCIAL RESULTS – CONSOLIDATED RESULTS OF MASTEK LIMITED AND ITS SUBSIDIARIES

₹ in Crore

PARTICULARS	**Year ended June 30, 2011**	Year ended June 30, 2010
Income		
Income from IT Services and Products	**593.3**	713.8
Other Income	**20.9**	8.1
Total Income	**614.2**	721.9
Expenses	**612.5**	626.6
Depreciation	**28.8**	26.7
Interest and Financial Charges	**1.2**	1.3
(Loss)/Profit Before Exceptional Items and Tax	**(28.3)**	67.3
Exceptional item	**27.2**	–
(Loss)/Profit Before Tax	**(55.5)**	67.3
Provision for Tax, net charge/(credit)	**0.4**	(0.4)
(Loss)/Profit After Tax	**(55.9)**	67.7

FINANCIAL RESULTS – MASTEK LIMITED (STANDALONE)

₹ in Crore

PARTICULARS	**Year ended June 30, 2011**	Year ended June 30, 2010
Income	**413.2**	440.9
(Loss)/Profit before Tax	**(5.6)**	24.0
Tax Expense/(credit)	**(4.3)**	(13.0)
(Loss)/Profit After Tax	**(1.3)**	37.0
Add: Profit brought forward from Previous Year	**249.4**	239.5
Profit available for appropriation	**248.1**	276.5
Interim Dividend	**–**	5.4
Final Dividend	**–**	3.4
Corporate Dividend Tax	**–**	1.5
Transferred to General reserve	**–**	16.9
Balance carried to Balance Sheet	**248.1**	249.4

2. RESULTS OF OPERATIONS

A) Group global operations

The Company's performance for the financial year ended June 30, 2011 under review (FY 2011) was affected by a number of factors. Key among those was the marked decrease in clients engaging in transformational deals due to the global economic crisis and particularly in UK where Mastek has a substantial presence. The long sales cycles as well as reduction in insurance revenues from Capita, UK added to the head winds that the Company faced this year. The above mentioned reasons along with the continued product development spends in the insurance vertical in North America and wage hikes to retain the best talent had a substantial impact on the financial performance.

On a consolidated basis, the Company registered a total income of ₹ 614.2 crore in FY2011. This represents a 14.9% decline compared to ₹ 721.9 crore in the preceding year. As a consequence, it had a loss of ₹ 55.9 crore in FY 2011 compared to the profit of ₹ 67.7 crore in FY 2010. The loss in FY 2011 is after considering an exceptional item of ₹ 27.2 crore in relation to impairment of goodwill of Vector Insurance Services. Despite the adverse circumstances, the Company registered a Cash profit of ₹ 0.5 crore in FY 2011 compared to ₹ 94 crore in FY 2010.

The UK remained the largest contributor to Mastek's business among all its operating geographies. During the year under review, the UK operations contributed ₹ 290.9 crore in revenues, amounting to 49% of overall consolidated revenues for the year. This was however a de-growth of 22% compared to ₹ 373.9 crore during the corresponding period last year. One of the key clients, Capita UK, took a relook at its strategy with respect to migrating policies of its clients on to the Elixir4 platform. The further development on this platform has been put on hold leading to a reduction in the revenues from the insurance vertical.

The North American operations, which now includes both the US and Canada businesses, also registered a de-growth of 11.9% to ₹ 258.0 crore from ₹ 292.8 crore last year primarily due to lack of new account wins in the first half of the year.

During the year under review, the Company has targeted its product development spends in North America with the objective of building the end to end platform in the Life and Annuity space. The Company also acquired substantially all of the assets of Glastonbury, CT based SEG Software, LLC, a leading provider of policy administration systems covering individual and group life, health & annuity insurance products. This acquisition reinforces the Company's commitment to the North American insurance market and will expand its presence and capabilities in the life and annuity policy administration arena.

Mastek's operations in the Asia-Pacific region, specifically India, were impacted on the insurance side due to the new IRDA regulations which have forced providers to become competitive to survive in the market place. Expenses related to IT and marketing have been slashed leading to a decreased pipeline of opportunities for the IT players in the insurance space. However, there was good traction from government projects in India and have been involved in implementing niche projects on the social justice, sales tax and the education fields for various State Governments in India. During FY 2011, these operations (Asia-Pacific including India & Middle East) contributed ₹ 44.3 crore to overall consolidated revenues as compared to ₹ 47.1 crore in FY 2010 reflecting a de-growth of 6%.

The last quarter of the year has reflected improved performance with the 12 month order backlog ending higher at ₹ 309 crore. Overall, the Company added 14 new clients in this financial year.

(A more detailed discussion of the Company's business model, strategy, and performance appears in the Management Discussion & Analysis section of this annual report.)

B) Mastek standalone operations

On a stand-alone basis, Mastek reported a total income of ₹ 413.2 crore for FY 2011 as compared to ₹ 440.9 crore for FY 2010. The Company made a Net Loss of ₹ 1.3 crore compared to the profit of ₹ 37 crore in FY 2010.

C) Board and management

During the year under review, Ms. Priti Rao, Mr. Venkatesh Chakravarty and Dr. Rajendra Sisodia were inducted as Independent Directors of the Company. In the same period, Mr. Raj Nair and Mr. Amit Shah resigned from the Board of the Company.

Mr. Mrinal Sattawala, Group President resigned from the services of the Company in June, 2011. Mr. Sudhakar Ram, the Company's Chairman & Managing Director has now taken over responsibility of all operations and the senior leadership team reports to him directly.

3. BUSINESS OUTLOOK

FY 2012 is expected to be a better year with increased traction across the key geographies in UK and North America. Positive signals of the momentum can be witnessed from the deal wins in UK in the last quarter of FY 2011, increasing pipeline of opportunities in the Non-Life (Property & Casualty) space in North America, improved order backlog position and some exciting developments on the Government side in India. The initiatives that were put in place at the start of the year are expected to translate into revenue growth while the Company will strive towards profitability.

4. LIQUIDITY AND CASH EQUIVALENT

The Company continues to maintain a good level of cash and cash equivalent, which enables it to not only eliminate short and medium-term liquidity risks but also provide the leverage to scale up operations at a short notice.

During the year, Mastek invested surplus funds in Liquid Schemes and Fixed Maturity Plans of Mutual Funds and Fixed Deposits with leading Banks. As of June 30, 2011, the Cash and Cash Equivalent (including investment in Mutual Funds) stood at ₹ 159 Crore.

5. AUDITED ACCOUNTS OF SUBSIDIARY COMPANIES

In view of the Circular No.2/2011 dated 8th February, 2011 issued by the Government of India, Ministry of Company Affairs, New Delhi, the accounts of subsidiary companies are not attached to the audited accounts of the Company. The Board of Directors of the Company has given consent for not attaching the Annual Accounts of the subsidiary companies. We, hereby, undertake that the Annual Accounts of subsidiary companies and related detailed information shall be made available to the shareholders at any point of time. Copies of the annual accounts of subsidiary companies shall also be available for inspection by any shareholder at the registered office of the Company.

6. ISSUE OF SHARE CAPITAL

During the year, the Company allotted 7,250 equity shares of ₹ 5 each to its eligible employees who exercised their options under Employee Stock Option Plan.

7. DIVIDEND

In view of the loss incurred by the Company during the year and to conserve Cash resources for future business operations, the Directors do not propose a Dividend for the year ended June 30, 2011.

8. EXCESS REMUNERATION PAID TO CHAIRMAN & MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

In response to the Paragraph 4 of the Auditor's Report for the year ended June 30, 2011 in respect of excess remuneration paid to Chairman & Managing Director and Executive Director aggregating to ₹ 0.6 crore and ₹ 0.2 crore respectively, the Company is approaching the shareholders and Central Government to seek their approval in respect of the waiver for recovery of excess remuneration paid as mentioned above.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on June 30, 2011, and of the Loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the Company's assets and prevent and detect fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

10. DIRECTORS

Mr. Anil Singhvi and Dr. Rajendra Sisodia, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

The Board of Directors, in modification of existing terms, re-appointed Mr. Sudhakar Ram as Chairman & Managing Director and Mr. Radhakrishnan Sundar as Executive Director effective July 1, 2011, subject to approval of shareholders and other prescribed authorities for a period of 3 years.

11. AUDITORS

You are requested to appoint Auditors and fix their remuneration. The retiring auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 012754N) have confirmed their availability within the limits of section 224(1B) of the Companies act,1956.

12. HUMAN RESOURCES

Mastek deploys its intellectual capability to create and deliver intellectual property (IP)-led solutions that make a business impact for its global clients. For this, the key success enabler and most vital resource is world-class talent. Mastek continually undertakes measures to attract and retain such high quality talent.

As on June 30, 2011, the Company had a total of 2905 employees. The Company has resumed recruitment of fresh talent for its different projects.

The Directors wish to place on record their appreciation for the contributions made by employees to the Company during the year under review.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, the report and accounts, excluding the Statement of Particulars under Section 217(2A), are being sent to all members. Any member interested in obtaining a copy of the Statement of Particulars may write to the Company at its Registered Office.

13. EMPLOYEE STOCK OPTIONS

Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**7,750**	91,520
Granted during the year	**–**	–
Exercised during the year	**(5,250)**	(14,458)
Cancelled during the year	**(2,500)**	(69,312)
Balance unexercised options	**–**	7,750

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**546,794**	898,624
Granted during the year	**–**	–
Exercised during the year	**–**	(26,938)
Cancelled during the year	**(267,502)**	(324,892)
Balance unexercised options	**279,292**	546,794

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**513,714**	614,917
Granted during the year	**–**	–
Exercised during the year	**(2,000)**	(3,047)
Cancelled during the year	**(104,476)**	(98,156)
Balance unexercised options	**407,238**	513,714

Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the financial year ended June 30, 2011 and June 30, 2010 have been granted at an exercise price which is equal to the market price of the underlying equity shares except for 50,000 Options (Previous Year 25,000 options), which had been granted at a price less than the market price. Consequently, compensation cost of ₹ 0.9 crore (Previous Year ₹ 0.6 crore) has been charged to the Profit and Loss account during the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**891,000**	61,000
Granted during the year	**879,248**	1,116,000
Exercised during the year	**–**	–
Cancelled during the year	**(452,900)**	(286,000)
Balance unexercised options	**1,317,348**	891,000

Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**–**	–
Granted during the year	**569,600**	–
Exercised during the year	**–**	–
Cancelled during the year	**–**	–
Balance unexercised options	**569,600**	–

Disclosure required under SEBI (ESOS & ESPS) Guidelines, 1999

In order to enable the Company to continue with its ESOP, the Company passed special resolutions through postal ballot in January, 2002 for issue of 700,000 stock options to its employees. At the Annual General Meeting held on September 20, 2004, the Company passed special resolutions to issue 700,000 stock options to its employees. The Company passed special resolutions through postal ballot in August 9, 2007 for issue of 1,000,000 stock options to its employees. On March 20, 2009, the shareholders of the Company approved the further issue of 1,500,000 options to the employees. At the Annual General Meeting of the Company held on October 1, 2010, the shareholders of the Company approved the further issue of 2,000,000 options.

a) Options granted: Opening: 1,959,258

b) Issued during the year: 1,598,848

c) Pricing formula: Market Price as defined by SEBI from time to time or face value or such price as may be decided by the Compensation committee from time to time.

d) Options vested: 781,246

e) Options exercised: 7,250

f) Total number of shares arising as a result of exercise of options: 7,250

g) Options lapsed: 827,378

h) Variations of terms of options: NIL

i) Money realized by exercise of options: ₹ 1,129,625

j) Total number of options in force: 2,723,478

k) Employee-wise details of options granted to:

(1) Senior managerial personnel: 37

(2) Any other employee who receives a grant in any one year of option amounting to 5% or more of more of option granted during that year: 5

(3) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Mr. Mrinal Sattawala was granted 400,000 options during the year ended June 30, 2011.

l) Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 is ₹ (0.50).

m) The impact of this difference on profits and on EPS of the Company

(₹ in Crore)

Profit After Tax (PAT)	(1.33)
Less: Additional employee compensation based on fair value	4.27
Adjusted PAT	(5.60)
Adjusted EPS (in ₹)	(2.08)

n) Weighted-average exercise price and fair value of Stock Options granted during the year:

Stock options granted on	Weighted average exercise price (in ₹)	Weighted Average fair value	Closing market price at BSE on the date of grant (in ₹)
July, 2010	295.40	153.93	295.40
October, 2010	242.65	124.90	242.65
April, 2011	125.30	63.57	125.30

o) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information: The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since Option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.

The main assumptions used in the Black-Scholes option-pricing model during the year were as follows:

Sr. no	Grant Date	July 20, 2010	October 13, 2010	April 14, 2011
1	Risk Free Interest Rate	7.54%	7.94%	7.94%
2	Expected Life (years)	6	6	6
3	Expected Volatility	53.25%	51.46%	50.00%
4	Dividend Yield	1.54%	1.54%	1.54%

14. ADDITIONAL INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1968, forming part of the Directors' Report for the year ended June 30, 2011:

a) Conservation of Energy

As a software Company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation.

Form A is not applicable for software industry.

b) Technology Absorption

Not Applicable

c) Foreign Exchange Earnings and Outgo -

Total foreign exchange used and earned by the Company

(₹ in Crore)

	June 30, 2011	June 30, 2010
Exchange Used	**162.1**	173.3
Exchange Earned	**384.0**	383.1

15. CORPORATE GOVERNANCE

Mastek follows best practices in Corporate Governance by benchmarking them with the best in the world.

The Board of Directors re-appointed Mr. Sudhakar Ram as Chairman & Managing Director and Mr. Radhakrishnan Sundar as Executive Director with effect from July 1, 2011, subject to approval of shareholders and other prescribed authorities for a period of 3 years on the following terms and conditions:

Mr. Sudhakar Ram, Chairman & Managing Director

Basic Salary:

₹ 3,35,000/- month (Rupees Three Lakhs Thirty Five Thousand only), with an option of annual increment as may be decided by the Compensation Committee/ Board of Directors, from time to time.

Bonus:

Based on the performance as may be evaluated by the Board of the Directors/Compensation Committee, from time to time on the basis of Actual (1) order booking (2) Revenue and (3) Net profits for each year.

Company Accommodation:

The Company will provide rent-free furnished accommodation to Mr Ram and his family members and the annual cost to the Company thereof shall not exceed ₹ 20 Lakhs (Rupees Twenty Lakhs only).

Special Allowance:

₹ 332,000/- month (Rupees Three Lakhs Thirty Two Thousand only).

Car Facility:

Car facility with driver to be used for the business of the Company.

Club Fees:

Re-imbursement of Club Fees.

Education Expenses:

Reimbursement of Education Expenses for one dependent child, not exceeding ₹ 11 Lakhs per annum.

Telephone:

Free telephone facility at his residence to be used for the business of the Company.

Provident Fund Contribution:

Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of the salary.

Gratuity:

As per rules of the Company.

Perquisites:

As may be permitted as per the policy of the Company or by the Board of Directors and/or the Compensation Committee of the Board of Directors.

For the purposes of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual basis. Provision of car and telephone for use of the Company's business and telephone at the Chairman and Managing Director's Residence will not be considered as perquisites. The following shall not be included for the purposes of computation of the Chairman and Managing Director's remuneration or perquisites as aforesaid:

(i) the Company's contribution to Provident fund,

(ii) encashment of leave at the end of the tenure of office of the Chairman and Managing Director,

(iii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

Notice Period: Six months notice or Notice pay equivalent to six months basic salary.

Severance Fees: The Company has not made any special provisions for severance fees.

Stock Options: NIL

Mr. Radhakrishnan Sundar, Executive Director

Basic Salary:

₹ 2,35,000/- (Rupees Two Lakhs Thirty Five Thousand only) per month, with an option of annual increment as may be decided by the Compensation Committee/ Board of Directors, from time to time.

Bonus:

Based on the performance as may be evaluated by the Board of the Directors/Compensation Committee, from time to time on the basis of Actual (1) order booking (2) Revenue and (3) Net profits for each year.

House Rent Allowance:

The Company will provide furnished accommodation to Mr Sundar. However, where no accommodation is provided by the Company to Mr Sundar or Mr Sundar does not opt for the accommodation provided by the Company, then he shall be entitled to House Rent Allowance subject to a ceiling of 50% of the basic salary i.e ₹ 1,17,500/- (Rupees One Lakh Seventeen thousand Five hundred only) per month.

Adhoc Allowance:

₹ 2,31,000 (Rupess Two Lakhs Thirty One thousand only) per month.

Car Facility:

Car facility with driver to be used for the business of the Company.

Telephone:

Free telephone facility at his residence to be used for the business of the Company.

Provident Fund Contribution:

Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of the salary.

Gratuity:

As per rules of the Company.

Perquisites:

As may be permitted as per the policy of the Company or by the Board of Directors and/or the Compensation Committee of the Board of Directors.

For the purposes of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual basis.

Provision of car and telephone for use of the Company's business and telephone at the Executive Director's Residence will not be considered as perquisites. The following shall not be included for the purposes of computation of the Executive Director's remuneration or perquisites as aforesaid:

(i) the Company's contribution to Provident fund,

(ii) encashment of leave at the end of the tenure of office of the Executive Director,

(iii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

Notice Period: Six months notice or Notice pay equivalent to six months basic salary.

Severance Fees: The Company has not made any special provisions for severance fees.

Stock Options: NIL

The report on corporate governance is included in the Annual Report.

16. ACKNOWLEDGEMENTS

The Directors would like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance provided by the SEEPZ Authorities, MIDC, Department of Electronics, ICICI Bank, Standard Chartered Bank Ltd and other government departments and authorities.

By the Order of the Board

Mumbai
July 25, 2011

Ashank Desai
Director

AUDITORS' REPORT TO THE MEMBERS OF MASTEK LIMITED

1. We have audited the attached Balance Sheet of Mastek Limited (the "Company") as at June 30, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Without qualifying our opinion, we draw your attention to Note 20 of Schedule 16, regarding excess remuneration paid during the year to the Chairman and Managing Director and an Executive Director of the Company, aggregating ₹ 63.36 Lacs and ₹ 22.40 Lacs respectively, for which Company intends to seek approval of the Members of the Company in the ensuing Annual General Meeting of the Company, and also from the Central Government.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the Directors, as on June 30, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;

      (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
July 25, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Mastek Limited on the financial statements for the year ended June 30, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

3. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

4. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.

5. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

6. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax as at June 30, 2011 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹)*	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Demand on account of Transfer Pricing disallowances and disallowances for other expenses	108,825,510	A.Y 2007-08	Commissioner of Income-tax (Appeals), Ahmedabad
The Income Tax Act, 1961	Demand on account of Transfer Pricing disallowances and disallowances for other expenses	48,685,385	A.Y 2006-07	Income Tax Appellate Tribunal, Ahmedabad

*Net of amounts paid under protest or otherwise

8. The Company has no accumulated losses as at June 30, 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

11. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

13. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

14. The Company has not obtained any term loans.

15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

16. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

17. Clauses (ii), (iii), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter to be reported.

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
July 25, 2011

BALANCE SHEET AS AT JUNE 30, 2011

(₹ in Lakhs)

	Schedule	As at June 30, 2011	As at June 30, 2010
I. Sources of funds			
1. Shareholders' funds			
(a) Capital	1	**1,347.56**	1,347.20
(b) Reserves and surplus	2	**36,426.54**	36,460.55
		37,774.10	37,807.75
2. Loan funds			
Secured loans	3	**52.55**	16.27
		37,826.65	37,824.02
II. Application of funds			
1. Fixed assets	4		
(a) Gross block		**31,062.73**	25,191.29
(b) Less: Depreciation		**20,057.57**	17,500.52
(c) Net block		**11,005.16**	7,690.77
Capital work-in-progress (including capital advances)		**18.52**	3,538.45
		11,023.68	11,229.22
2. Investments	5	**21,199.94**	19,177.51
3. Deferred Taxation	6	**1,781.01**	1,922.84
4. Current assets, loans and advances			
(a) Sundry debtors	7	**4,695.02**	6,073.22
(b) Cash and bank balances	8	**1,795.13**	4,163.78
(c) Loans and advances	9	**9,086.89**	10,071.31
		15,577.04	20,308.31
Less: Current liabilities and provisions			
(a) Liabilities	10	**4,276.70**	4,095.00
(b) Provisions	11	**7,478.32**	10,718.86
		11,755.02	14,813.86
Net current assets		**3,822.02**	5,494.45
		37,826.65	37,824.02
Notes to the accounts	16		

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

(₹ in Lakhs)

	Schedule	**Year ended June 30, 2011**	Year ended June 30, 2010
INCOME			
Information Technology Services and Products		**36,397.12**	43,563.64
Other income	**12**	**4,925.92**	524.85
		41,323.04	44,088.49
EXPENDITURE			
Operational expenses	**13**	**36,444.59**	35,709.96
Other expenses	**14**	**2,713.40**	3,493.14
Depreciation		**2,713.09**	2,475.62
Finance costs	**15**	**9.31**	10.89
		41,880.39	41,689.61
(Loss)/Profit before taxation		**(557.35)**	2,398.88
Provision for taxation (Refer Note 7 of Schedule 16)			
For the year			
- Current tax		**466.83**	673.99
Less: MAT credit receivable		**–**	(289.38)
		466.83	384.61
- Deferred tax		**141.83**	(680.49)
		608.66	(295.88)
Income tax for earlier years		**(1,032.57)**	(1,005.08)
(Loss)/Profit after taxation		**(133.44)**	3,699.84
Add: Profit brought forward from previous year		**24,935.52**	23,952.52
Profit available for appropriation		**24,802.08**	27,652.36
Appropriations			
Interim dividend		**–**	539.50
Final dividend		**–**	336.80
Corporate dividend tax		**–**	147.63
Transferred to General Reserve		**–**	1,692.91
Balance carried to Balance Sheet		**24,802.08**	24,935.52
		24,802.08	27,652.36
(Loss)/Earnings per share (net of taxes) in ₹			
- Basic		**(0.50)**	13.74
- Diluted		**(0.50)**	13.66
(Refer Note 10 of Schedule 16) (Nominal value per share ₹ 5/- each)			
Notes to the accounts	**16**		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 1 - CAPITAL		
Authorised		
40,000,000 equity shares of ₹ 5/- each	**2,000.00**	2,000.00
2,000,000 preference shares of ₹ 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, Subscribed and Paid up:		
Equity Shares		
26,951,187 shares of ₹ 5/- each, fully paid-up	**1,347.56**	1,347.20
(Previous year 26,943,937 shares of ₹ 5/- each, fully paid-up)		
(Refer Note 5 of Schedule 16)		
	1,347.56	1,347.20

Of the above:

- 14,054,594 and 6,913,280 equity shares of ₹ 5/- each fully paid, have been issued as bonus shares by utilisation of Capital Redemption Reserve and Share Premium Account respectively.
- 660,000 equity shares of ₹ 5/- each fully paid have been issued as bonus shares by capitalisation of profits transferred from General Reserve.

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	**0.02**	0.02
	0.02	0.02
Capital Redemption Reserve Account		
As per last Balance Sheet	**1,295.27**	1,295.27
	1,295.27	1,295.27
Securities Premium Account		
As per last Balance Sheet	**139.66**	36.63
Add: Addition on account of ESOP	**10.93**	103.03
	150.59	139.66
Employees stock options outstanding (Refer Note 5 of Schedule 16)	**145.50**	57.00
General Reserve		
As per last Balance Sheet	**10,033.08**	8,340.17
Add: Transferred from Profit and Loss Account	**–**	1,692.91
	10,033.08	10,033.08
Profit and Loss Account	**24,802.08**	24,935.52
	36,426.54	36,460.55
SCHEDULE 3 - SECURED LOANS		
Obligations on assets under Finance Leases	**52.55**	16.27
(secured by hypothecation of vehicles taken on lease)		
(Due within one year ₹ 11.24 Lakhs (Previous year ₹ 7.94 Lakhs))		
	52.55	16.27

SCHEDULE-4 - FIXED ASSETS

(₹ in Lakhs)

Description	Gross Block (at Cost)					Depreciation					Net Block	
	As at July 01, 2010	Additions	Deletions	Adjustment (Refer Note 3 below)	**As at June 30, 2011**	As at July 01, 2010	For the year	Deletions	Adjustment (Refer Note 3 below)	**As at June 30, 2011**	**As at June 30, 2011**	As at June 30, 2010
Goodwill	130.32	–	–	–	**130.32**	43.44	43.44	–	–	**86.88**	**43.44**	86.88
Leasehold Land and Premises	3,090.44	–	–	–	**3,090.44**	695.57	96.40	–	–	**791.97**	**2,298.47**	2,394.87
Owned Premises (Note 1)	2,683.06	1,483.66	–	–	**4,166.72**	488.99	152.56	–	–	**641.55**	**3,525.17**	2,194.07
Plant and Machinery	7,515.59	1,181.94	83.73	–	**8,613.80**	6,113.33	917.52	82.99	–	**6,947.86**	**1,665.94**	1,402.26
Software	6,712.68	2,002.69	1.13	–	**8,714.24**	6,103.61	791.14	1.13	–	**6,893.62**	**1,820.62**	609.07
Furniture and Fittings	4,254.30	1,207.60	–	–	**5,461.90**	3,437.95	621.46	–	–	**4,059.41**	**1,402.49**	816.35
Leasehold Improvements	409.24	37.51	–	–	**446.75**	395.15	20.73	–	–	**415.88**	**30.87**	14.09
Vehicles (Note 2)	395.66	138.63	95.73	–	**438.56**	222.48	69.84	71.92	–	**220.40**	**218.16**	173.18
Total	25,191.29	6,052.03	180.59	–	**31,062.73**	17,500.52	2,713.09	156.04	–	**20,057.57**	**11,005.16**	7,690.77
Previous Year	23,222.86	1,892.87	260.48	336.04	25,191.29	15,057.78	2,475.62	230.99	198.11	17,500.52	7,690.77	

1. Owned premises include subscription towards share capital of Co-operative socities amounting to ₹ 250 (Previous year ₹ 250).
2. Net block of vehicles include leased assets amounting to ₹ 42.73 Lakhs (Previous year ₹ 16.53 Lakhs).
3. Adjustment columns represent value of assets acquired from Keystone Solutions Private Limited on acquisition of business during the year ended June 30, 2010. (Refer Note 16 of Schedule 16)
4. The Company has capitalized the assets lying at its Chennai SEZ facility, with effect from July 1, 2010. Depreciation amounting to ₹ 546.29 Lakhs on these capitalized assets has been charged at the rates specified in Note 1b to Schedule 16 to recognise the loss of value through effluxion of time, although the said facility has not yet been put to use.

(₹ in Lakhs)

		As at June 30, 2011	As at June 30, 2010
SCHEDULE 5 - INVESTMENTS			
I. Investments in equity shares (Long-term, trade, unquoted)			
Subsidiary Companies at cost			
MajescoMastek, USA			
128,415,000 (Previous year - 163,700,000) Equity Shares of US $ 0.002 each, fully paid-up (Refer Note 17 of Schedule 16)		**11,565.47**	14,392.14
Mastek Asia Pacific Pte Ltd., Singapore			
3,650,000 (Previous year - 3,650,000) Equity Shares			
of S $ 1 each, fully paid-up	886.22		
Less: Provision for diminution in value	(661.40)	**224.82**	224.82
Mastek MSC Sdn Bhd., Malaysia			
11,262,000 Equity Shares (Previous year - 11,262,000) of RM 1 each, fully paid-up		**1,443.42**	1,443.42
Mastek UK Ltd., UK			
200,000 (Previous year - 200,000) Equity Shares of £ 1 each, fully paid-up		**215.81**	215.81
Mastek GmbH, Germany			
1(Previous year - 1) Share fully paid-up	274.11		
Less: Reduction of Share capital	(261.42)	**12.69**	274.11
(Refer Note 18 of Schedule 16)			
MajescoMastek Canada Ltd.			
3,500,000 (Previous year - 1,500,000) Shares of CN $ 1 each, fully paid-up		**1,555.01**	654.48

(₹ in Lakhs)

SCHEDULE 5 - INVESTMENTS (CONTD.)	As at June 30, 2011	As at June 30, 2010
II. Investment in others - units (Current, non trade, unquoted)		
15,077,249 (Previous year - Nil) units of Sundaram Ultra Short Term - Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 3,580.18 Lakhs (35,669,856 units) and sold during the year ₹ 2,066.88 Lakhs (20,592,607 units).	**1,513.30**	–
12,665,379 (Previous year - Nil) units of DWS Ultra Short Term Fund - Inst. Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 2,895.56 Lakhs (28,903,847 units) and sold during the year ₹ 1,626.76 Lakhs (16,238,468 units).	**1,268.80**	–
12,057,334 (Previous year - Nil) units of ICICI Prudential Blended Plan - B Option II - Daily Dividend Reinvestment. Purchased during the year ₹ 1,206.64 Lakhs (12,057,334 units) and sold during the year ₹ Nil (Nil units).	**1,206.64**	–
7,173,190 (Previous year - Nil) units of SBI Magnum Income Fund - Floating Rate Plan - Saving Plus Bond Plan - Daily Dividend Reinvestment. Purchased during the year ₹ 721.78 Lakhs (7,173,190 units) and sold during the year ₹ Nil (Nil units).	**721.78**	–
7,036,776 (Previous year - Nil) units of Tata Floater Fund - Daily Dividend Reinvestment. Purchased during the year ₹ 3,778.55 Lakhs (37,651,422 units) and sold during the year ₹ 3,072.37 Lakhs (30,614,646 units).	**706.18**	–
Nil (Previous year - 4,499,550) units of TATA Fixed Income Portfolio Fund Scheme A2 - Inst. Purchased during the year ₹ 1.99 Lakhs (19,931 units) and sold during the year ₹ 451.99 Lakhs (4,519,481 units).	**–**	450.00
7,599,526 (Previous year - 225,384) units of Kotak Floater Long Term Fund - Daily Dividend Reinvestment. Purchased during the year ₹ 1,627.07 Lakhs (16,142,006 units) and sold during the year ₹ 883.78 Lakhs (8,767,864 units).	**766.02**	22.73
III. Investment in deposits		
Deposit with Housing Urban Development Corporation	**–**	1,500.00
	21,199.94	19,177.51
Aggregate of unquoted investments - at cost	**21,199.94**	19,177.51

Note: Details of Current Investments (other than trade, quoted) purchased and sold during the year other than those disclosed above

Scheme	Nos. of Units	Cost in ₹ Lakhs
Canara Robeco Treasury Advantage Fund - Super Inst. Plan - Daily Dividend Reinvestment	**4,981,098.10**	618.01
DSP BlackRock Liquidity Fund - Inst. Plan - Daily Dividend Reinvestment	**125,482.76**	1,255.22
DSP Blackrock Money Manager Fund - Inst. Plan - Daily Dividend Reinvestment	**111,771.71**	1,118.61
DWS Treasury Fund - Cash - Inst. Plan - Daily Dividend Reinvestment	**5,154,125.51**	517.97
Fidelity Cash Fund - Super Inst. Plan - Daily Dividend Reinvestment	**13,966,669.52**	1,429.21
Fidelity Ultra Short Term Debt Fund - Super Inst. Plan - Daily Dividend Reinvestment	**29,895,735.30**	2,991.73

SCHEDULE 5 - INVESTMENTS (CONTD.)

Scheme	**Nos. of Units**	**Cost in ₹ Lakhs**
Franklin Templeton India Ultra Short Bond Fund - Super Inst. Plan - Daily Dividend Reinvestment	**29,204,070.87**	2,923.79
ICICI Prudential - Flexible Income Plan - Daily Dividend Reinvestment	**3,835,138.47**	4,055.08
ICICI Prudential - Interval Fund II - Quarterly Interval Plan D - Inst. - Daily Dividend Reinvestment	**6,088,472.64**	608.85
ICICI Prudential Interval Fund I - Monthly Interval Plan A - Inst. - Daily Dividend Reinvestment	**2,312,399.16**	231.24
ICICI Prudential Liquid - Super Inst. Plan - Daily Dividend Reinvestment	**3,056,713.18**	3,057.40
IDFC Cash Fund Plan C - Super Inst. Plan - Daily Dividend Reinvestment	**4,822,892.63**	482.41
IDFC Money Manager Treasury - Plan C - Daily Dividend Reinvestment	**5,125,832.40**	512.66
JM High Liquidity Fund - Super Inst. Plan - Daily Dividend Reinvestment	**19,869,650.11**	1,990.24
JM Money Manager Fund - Regular Plan - Daily Dividend Reinvestment	**5,031,592.17**	503.72
JM Money Manager Fund - Super Plan - Daily Dividend Reinvestment	**17,976,887.94**	1,799.81
JM Short Term Fund - Inst. Plan - Daily Dividend Reinvestment	**11,433,996.59**	1,143.40
JPMorgan India Liquid Fund - Super Inst. Plan - Daily Dividend Reinvestment	**59,501,812.69**	5,954.88
JPMorgan India Treasury Fund - Super Inst. Plan - Daily Dividend Reinvestment	**62,678,923.85**	6,273.47
L & T Freedom Income STP - Inst. Plan - Daily Dividend Reinvestment	**15,837,997.21**	1,608.38
Sundaram Money Fund - Super Inst. Plan - Daily Dividend Reinvestment	**21,597,429.10**	2,180.33
Tata Floater Fund - Growth	**3,179,617.77**	467.00
TATA Liquid Super High Investment Fund - Daily Dividend Reinvestment	**80,770.70**	900.21

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 6 - DEFERRED TAXATION		
Deferred Tax Asset		
Tax effect of timing difference on account of:		
- Fixed assets (Excess of written down value as per the provisions of Income Tax Act, 1961 over Net Block)	**702.01**	721.23
- Provision for Leave encashment	**462.13**	478.20
- Provision for Gratuity	**574.97**	723.41
- Provision for Statutory payments	**13.12**	–
- Provision for doubtful debt	**28.78**	–
	1,781.01	1,922.84
SCHEDULE 7 - SUNDRY DEBTORS (UNSECURED)		
a) Debts outstanding for a period exceeding six months		
Considered good	**17.49**	302.94
Considered doubtful	**88.69**	102.40
	106.18	405.34
b) Other debts considered good #	**4,677.53**	5,770.28
	4,783.71	6,175.62
Less: Provision for doubtful debts	**88.69**	102.40
	4,695.02	6,073.22

Debtors include dues from Subsidiaries ₹ 2,731.99 Lakhs (Previous year ₹ 3,813.74 Lakhs)

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
SCHEDULE 8 - CASH AND BANK BALANCES		
Cash balance on hand	**1.46**	1.51
Balance with Scheduled banks		
- in Current Accounts *	**790.00**	704.61
- in Fixed Deposits **	**13.79**	2,104.55
	803.79	2,809.16
Balance with Unscheduled banks		
- in Current Accounts		
- Lloyds TSB, UK	**1.69**	–
- in Fixed Deposits		
- Lloyds TSB Deposit Account, UK	**988.19**	1,353.11
	989.88	1,353.11
	1,795.13	4,163.78
Maximum balance held during the year with Unscheduled banks		
- Lloyds TSB Deposit Account, UK	**2,316.79**	3,772.91
- Lloyds Bank, UK	**3.58**	3.49

* Includes amounts restricted ₹ 52.14 Lakhs (Previous year ₹ 53.10 Lakhs) on account of unpaid dividend.

** Includes ₹ 13.76 Lakhs (Previous year ₹ 12.76 Lakhs) restricted on account of margin money.

SCHEDULE 9 - LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**830.36**	768.21
MAT credit entitlement	**2,263.90**	2,438.90
Advance tax	**5,992.63**	6,837.89
Advance Fringe benefits tax (net of provision)	**–**	26.31
	9,086.89	10,071.31

SCHEDULE 10 - LIABILITIES		
Sundry Creditors		
- Micro and Small Enterprises (Refer Note 11 of Schedule 16)	**–**	–
- Others	**3,878.78**	3,374.40
Book overdraft in current account with bank	**–**	1.17
Unclaimed dividends *	**52.14**	53.11
Unearned revenue	**54.57**	27.37
Other Liabilities	**291.21**	638.95
	4,276.70	4,095.00

* Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE 11 - PROVISIONS		
Proposed dividend	**–**	336.80
Provision for Corporate Dividend Tax	**–**	55.94
Provision for taxes	**4,281.82**	6,275.41
Provision for gratuity	**1,772.14**	2,319.76
Provision for leave encashment	**1,424.36**	1,730.95
	7,478.32	10,718.86

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Year ended June 30, 2011	(₹ in Lakhs) Year ended June 30, 2010
SCHEDULE 12 - OTHER INCOME		
Interest on deposits (Tax deducted at source ₹ 5.34 Lakhs (Previous year ₹ 16.37 Lakhs))	**53.43**	208.39
Interest on Income tax refunds	**134.41**	41.82
Interest on others	**14.23**	2.28
Profit on sale of investments (current, non-trade)	**0.90**	0.03
Profit on sale of investment in subsidiary (Refer Note 17 of Schedule 16)	**279.12**	–
Exchange gain (net)	**1,017.82**	–
Income from investments (current, non-trade)	**149.42**	131.90
Dividend from subsidiary	**3,181.79**	102.83
Bad debts recovered	**35.62**	–
Miscellaneous income	**59.18**	37.60
	4,925.92	524.85
SCHEDULE 13 - OPERATIONAL EXPENSES		
Salaries, bonus and incentives*	**27,567.81**	27,934.28
Gratuity charges	**139.99**	329.79
Contribution to provident and other funds	**866.66**	735.42
Staff Welfare	**1,410.95**	1,768.60
Recruitment and training expenses	**189.96**	187.55
Travelling and conveyance	**1,475.86**	1,905.80
Communication charges	**288.77**	328.71
Electricity	**553.56**	607.52
Consultancy charges	**3,142.10**	1,693.75
Purchase of hardware and software for resale	**808.93**	218.54
	36,444.59	35,709.96

* Includes ₹ 88.50 Lakhs (Previous year - ₹ 57.00 Lakhs) on account of Employee Stock Option cost.

SCHEDULE 14 - OTHER EXPENSES		
Rates and Taxes	**187.63**	150.78
Repairs		
- Building	**262.11**	235.02
- Machinery	**743.95**	729.11
Insurance	**74.93**	103.37
Printing and stationery	**38.35**	61.45
Professional fees (Refer Note 15 of Schedule 16)	**595.87**	939.55
Rent (Refer Note 3 of Schedule 16)	**202.05**	259.26
Advertisement and publicity	**63.50**	164.78
Exchange loss (net)	**–**	372.06
Loss on sale of fixed asset (net)	**3.08**	1.02
Donation	**29.37**	37.97
Provision for doubtful debts	**21.91**	55.98
Bad debts written off	**50.68**	–
Hire charges	**312.60**	273.02
Investments written off	**–**	1.91
Commission	**72.83**	56.39
Miscellaneous expenses	**54.54**	51.47
	2,713.40	3,493.14
SCHEDULE 15 - FINANCE COSTS		
Bank charges	**4.73**	8.57
Interest on finance lease	**4.58**	2.32
	9.31	10.89

SCHEDULE 16

1. Significant Accounting Policies

a. Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention and comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standard notified under sub-section (3C) of Section 211 of 'The Companies Act, 1956' of India (The 'Act') and other relevant provisions of the Act.

b. Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation.

Depreciation on fixed assets is provided on the Straight Line Method over the useful life of assets, as estimated by the management or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets individually costing less than ₹ 5,000 are depreciated fully in the year of acquisition. Expenditure incurred on purchase of Software used in operations of the entity is depreciated over its estimated life. The useful lives estimated by the management which are higher than rates specified as per Schedule XIV are as under:

Goodwill	3 years
Leasehold Land	Lease Term ranging from 95-99 years
Owned/Leasehold Premises	25 - 30 years
Computers (Included in Plant and Machinery)	2 years
Other Plant and Machinery	5 years
Software	1 - 5 years
Furniture and Fittings	5 years
Leasehold Improvements	5 years or the primary period of lease whichever is less
Vehicles	5 years

c. Investments

Long-term investments are stated at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Investments in subsidiaries are carried at their original rupee cost unless impaired. Current investments are stated at the lower of cost and fair value. Any reduction in carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

d. Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet. Exchange differences arising on foreign currency transactions and balances are recognized as income or expense in the Profit and Loss Account.

In case of forward exchange contract or any other financial instrument that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the period.

In case of Forward Contracts that are open on the Balance Sheet date and are not backed by Receivables, the gain or loss is computed by multiplying the foreign currency amount of the forward contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate. The loss so computed is recognised in the profit and loss account for the period, however the gain is not recognised.

In respect of transactions related to foreign branch, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognized in the Profit and Loss Account.

e. Employee Benefits

1. Defined Contribution Plans

   The Company has Defined Contribution Plans for post employment benefits in the form of Provident Fund and

Superannuation Fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). Provident Fund and Superannuation Fund (which constitutes an insured benefit) are classified as Defined Contribution Plans. The Company also makes contributions towards defined contribution plans in respect of its branches in foreign jurisdictions, as applicable. Under such Defined Contribution Plans, the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

2. Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity and Leave Encashment. Gratuity schemes of the Company are administered through Life Insurance Company of India. Liability for Defined Benefit Plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Profit and Loss Account as income or expense.

f. Revenue Recognition

The Company derives its revenues primarily from software services.

Revenues from customer support services are recognized ratably over the term of the support period.

Revenues from software related services are primarily related to implementation services performed on a time and materials basis under separate service arrangements. Revenues with respect to time and material contracts are recognized as and when services are rendered.

Revenues from fixed price, fixed time frame contracts are recognized in accordance with the percentage of completion method measured by the percentage of cost incurred over the estimated total cost for each contract. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed, in advance of services performed are recorded as unearned revenue. Unbilled revenue included in debtors represents amounts recognized based on services performed in accordance with contract terms and where billings are pending.

Dividend income from investments is recognized when the right to receive payment is established. Dividend declared by the subsidiary companies after the date of the Balance Sheet is accounted during the year as required by Accounting Standard (AS) 9 - ‘Revenue Recognition’.

Interest income is recognized on time proportion basis.

g. Borrowings Costs

Borrowing costs that are incurred on borrowings made specifically for the acquisition, construction or production of a qualifying asset are capitalized as a part of that asset. The amount of borrowing costs from funds that are borrowed generally and used for the purpose of obtaining a qualifying asset are calculated by applying a weighted average capitalization rate to the expenditure on that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

h. Leases

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – ‘Leases’, are capitalized. The assets are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as a part of the class of owned assets to which they belong and are depreciated accordingly. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to Profit and Loss Account on a straight line basis over the lease term.

i. Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net loss/profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when there conversion to equity shares would increase earnings per share or decrease loss per share.

j. Income taxes

Provision for tax for the year comprises of current tax and deferred tax. Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next are recognized in the Profit and Loss Account in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit and Loss Account in the year of change. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognized only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

k. Accounting for Employee Stock Options

Stock options granted to employees of the Company and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 (SEBI guidelines) as amended from time to time, issued by the Securities and Exchange Board of India. According to the above guidelines, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any is to be recognized as deferred employee compensation and is charged to the Profit and Loss account ratably over the vesting period of the options.

l. Estimates

The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

m. Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

n. Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent carrying amount exceeds recoverable amount.

2. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

		As at June 30, 2011	As at June 30, 2010
(i)	Counter guarantees outstanding in respect of guarantees given by banks on behalf of the Company	**175.25**	103.19
(ii)	Corporate performance guarantees given by the Company:		
	- on behalf of subsidiary, MajescoMastek Canada Ltd.	**2,411.84**	967.53
	- on behalf of subsidiary, Mastek MSC (Thailand) Co. Ltd.	**229.34**	153.49
	- on behalf of subsidiary, Mastek (UK) Limited	**42,828.87**	36,462.26
(iii)	Corporate guarantees given:		
	- on behalf of subsidiary, MajescoMastek for its term loan	**1,341.00**	4,180.05
	- on behalf of subsidiary, MajescoMastek for its Line of Credit for Working Capital from Bank	**447.00**	–
(iv)	Claims against the Company not acknowledged as debts*	**2,309.06**	105.78
(v)	Estimated amount of contracts remaining to be executed on capital account not provided for	**196.95**	1,813.15

* Claims against the Company not acknowledged as debts include:

a) a demand from the Indian tax authorities for payment of additional tax of ₹ 1,115.03 Lakhs, including interest of ₹ 379.47 Lakhs upon completion of their tax review for financial year ended March 31, 2006.

b) a demand from the Indian tax authorities for payment of additional tax of ₹ 1,088.25 Lakhs, including interest of ₹ 370.73 Lakhs upon completion of their tax review for financial year ended March 31, 2007. A substantial portion of both the tax demands pertains to the adjustment to total income carried out on account of transfer pricing. The matter in respect of 2006 is pending before the Income Tax Appellate Tribunal, Ahmedabad and in respect of 2007 before the Commissioner of Income-tax (Appeals), Ahmedabad. Against the additional tax demand of ₹ 1,115.03 Lakhs for the year 2006, the Income-Tax department has adjusted ₹ 628.17 Lakhs in respect of Income Tax Refunds due to the Company.

The Company has treated such adjustment as payment under protest and has accordingly reflected this adjustment under Loans and advances. The Company is contesting the demands and the Management believes that its position will likely be upheld in the appellate process and accordingly the same will not have a material adverse effect on the Company's financial position and the result of its operations. As a result, no provision has been made in the financial statements for the tax demands raised.

3. LEASES

(₹ in Lakhs)

		As at June 30, 2011	As at June 30, 2010
a)	Total minimum finance lease payments outstanding (in respect of vehicles):		
	Due within one year	**17.52**	10.01
	Due later than 1 year but not later than 5 years	**50.83**	9.07
	Due later than 5 years	**–**	–
	Total minimum lease payments	**68.35**	19.08
	Less: Interest not due	**(15.80)**	(2.81)
	Present value of net minimum finance leases payments	**52.55**	16.27
b)	Operating lease rentals recognized in the profit and loss account	**202.05**	259.26
c)	Future minimum lease payments under non-cancellable operating leases (in respect of properties):		
	Due within one year	**8.72**	41.16
	Due later than 1 year but not later than 5 years	**–**	–
	Due later than 5 years	**–**	–
	Total minimum lease payments	**8.72**	41.16

d) Description of significant operating lease arrangements:
- The Company has given refundable interest free security deposit under the lease agreements.
- All agreements contain provision for renewal at the option of either parties.
- All agreements provide for restriction on sub lease.

4. FORWARD CONTRACTS

Forward Contracts outstanding as on June 30, 2011 amounting to ₹ 21,113.84 Lakhs (Previous year ₹ 28,034.66 Lakhs). Gain/(loss) of foreign exchange forward contracts are included under the head Exchange gain/loss (net). Forward contracts amounting to ₹ Nil (Previous year ₹ 3,830.93Lakhs) are backed by receivables.

5. EMPLOYEE STOCK OPTIONS

Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**7,750**	91,520
Granted during the year	**–**	–
Exercised during the year	**(5,250)**	(14,458)
Cancelled during the year	**(2,500)**	(69,312)
Balance unexercised options	**–**	7,750

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**546,794**	898,624
Granted during the year	**–**	–
Exercised during the year	**–**	(26,938)
Cancelled during the year	**(267,502)**	(324,892)
Balance unexercised options	**279,292**	546,794

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the

Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**513,714**	614,917
Granted during the year	**–**	–
Exercised during the year	**(2,000)**	(3,047)
Cancelled during the year	**(104,476)**	(98,156)
Balance unexercised options	**407,238**	513,714

Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the financial year ended June 30, 2011 and June 30, 2010 have been granted at an exercise price which is equal to the market price of the underlying equity shares except for 50,000 Options (Previous year 25,000 options), which had been granted at a price less than the market price. Consequently, compensation cost of ₹ 88.50 Lakhs (Previous year ₹ 57.00 Lakhs) has been charged to the Profit and Loss account during the current year.

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**891,000**	61,000
Granted during the year	**879,248**	1,116,000
Exercised during the year	**–**	–
Cancelled during the year	**(452,900)**	(286,000)
Balance unexercised options	**1,317,348**	891,000

Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period

(No. of options)

	Year ended June 30, 2011	Year ended June 30, 2010
Opening Balance	**–**	–
Granted during the year	**569,600**	–
Exercised during the year	**–**	–
Cancelled during the year	**–**	–
Balance unexercised options	**569,600**	–

6. EMPLOYEE BENEFIT PLANS

a) Defined contribution plans

The Company makes contribution towards provident fund and superannuation fund to a defined contribution employee benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund is maintained by making contribution to Life Insurance Corporation of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the employee benefit schemes to fund the benefits.

The Company recognized ₹ 831.98 Lakhs (Previous year ₹ 694.52 Lakhs) for provident fund contribution and ₹ 31.68 Lakhs (Previous year ₹ 30.16 Lakhs) for superannuation contribution in the Profit and Loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. In addition UK branch contributed ₹ 3.00 Lakhs (Previous year ₹ 10.74 Lakhs) towards other funds as per the requirements of the local laws.

b) Defined benefit plans

The Company makes annual contributions to the Mastek Limited Employees Group Gratuity Assurance Scheme administered by Life Insurance Corporation of India. The scheme provides benefit to the members upon retirement on or after normal retirement date or upon death whilst in service or upon retirement owing to ill-health or incapacitation equivalent to 15 days of salary for each completed year of service. Further the scheme also provides benefit on death of a member whilst in service before normal retirement date equivalent to 15 days of salary for each completed year of service up to the date of death and the sum assured under the term assurance effected in respect of the member.

The Company also provides for leave encashment payable to employees. Leave encashment vest to the employees at time of retirement, death while in employment or on termination of employment equivalent to salary payable for number of days of accumulated leave balance.

c) The following table sets out the status of gratuity and the amounts recognized in the Company's financial statements as at June 30, 2011 and June 30, 2010.

(₹ in Lakhs)

	As at June 30, 2011	As at June 30, 2010
1. Change in defined benefit obligations:		
Projected benefit obligation, beginning of the year (July 1, 2010)	**2,330.95**	1,998.55
Transfer from Keystone Solutions Private Limited	**–**	115.05
Service cost	**428.60**	472.81
Interest cost	**239.01**	186.31
Actuarial (gain)/loss	**(531.62)**	(318.14)
Benefits paid	**(220.75)**	(123.63)
Projected benefit obligation, closing of the year (June 30, 2011)	**2,246.19**	2,330.95
2. Change in fair value of assets:		
Fair value of plan assets, beginning of the year (July 1, 2010)	**–**	–
Expected return on plan assets	**–**	–
Employer's contribution	**687.60**	123.63
Acquisitions	**–**	–
Benefit paid	**(220.75)**	(123.63)
Actuarial (gain)/loss	**–**	–
Fair value of plan assets, closing of the year (June 30, 2011)	**466.85**	–
3. Amount recognized in the Balance Sheet		
Present value of obligations as at June 30, 2011	**2,246.19**	2,330.95
Fair value of plan assets as at June 30, 2011	**466.85**	–
Amount not recognized as an asset	**–**	–
Unrecognised Past service cost	**7.20**	11.19
Net Liability recognized as at June 30, 2011	**1,772.14**	2,319.76
4. Net gratuity cost for the year ended June 30, 2011		
Service cost	**432.60**	461.62
Interest cost	**239.01**	186.31
Expected return on plan assets	**–**	–
Net actuarial (gain)/loss recognized in the year	**(531.62)**	(318.14)
Net gratuity cost	**139.99**	329.79
5. Assumptions used in accounting for the gratuity plan:		
Discount rate (p.a.)	**8.50%**	8.15%
Salary escalation rate (p.a.)	**10%**	20% p.a. for 1st year & 10% p.a. thereafter
6. Return on Plan Assets (p.a.)	**7.50%**	N.A.

Experience adjustments

₹ in Lakhs

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30,2007
Defined benefit obligation	**2,246.19**	2,330.95	2,122.17	1,284.64	1,159.48
Plan assets	**466.85**	–	–	–	–
Surplus/(deficit)	**(1,779.34)**	(2,330.95)	(2,122.17)	(1,284.64)	(1,159.48)
Experience adjustments on:					
- On plan liabilities	**(434.66)**	(402.73)	199.45	(61.68)	(51.21)
- On plan assets	**–**	–	–	–	–

d) Leave encashment charged during the year amount to ₹ 174.12 Lakhs (Previous year ₹ 230.29 Lakhs).

7. INCOME TAXES

The Company follows Accounting Standard 22 'Accounting for taxes on income'.

a) The Company's operations were eligible for significant tax incentives up to 31st March, 2011 under the Indian taxation laws. These incentives presently include an exemption from payment of Indian corporate taxes for a period of ten consecutive years of operations of software development facilities designated as Software Technology Park or in Special Economic Zone. The management estimates the provision for current taxes and deferred taxes after considering such tax benefits and the expected results of the future operations of the Company.

b) Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against future tax liability. Accordingly, a sum of ₹ 2,263.90 Lakhs (Previous year ₹ 2,438.90 Lakhs) has been carried forward and shown under 'Loans and Advances'.

c) Provision for income tax for the year is the aggregate of the provision for the nine months ended March 31, 2011 and provision on the profits, if any for the three months ended June 30, 2011. However, the ultimate tax liability for the financial year 2011-12 will be determined on the basis of the profit for the year April 1, 2011 to March 31, 2012.

8. RELATED PARTY DISCLOSURES

Subsidiaries: MajescoMastek USA; Mastek UK Ltd., UK; Mastek GmbH, Germany; Mastek Asia Pacific Pte. Ltd., Singapore; Mastek MSC Sdn. Bhd., Malaysia; MajescoMastek Canada Ltd., Keystone Solutions Private Limited, India; Mastek MSC Thailand Co Ltd., Thailand; System Task Group International Ltd., USA; Vector Insurance Services LLC, USA (90% held by the Company) and Carretek LLC, USA (closed with effect from 27th September, 2010). These Companies constitute entities under the control of the Company.

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director)

R Sundar (Executive Director)

The Company has entered into transactions with the following related parties:

(₹ in Lakhs)

	Transactions during the year ended	
	June 30, 2011	June 30, 2010
Income from services		
Mastek (UK) Ltd.	**20,252.97**	28,677.51
MajescoMastek	**9,434.35**	8,146.83
Others	**234.24**	1,275.74
Dividend from subsidiary		
Mastek (UK) Ltd.	**3,181.79**	–
Mastek GmbH, Germany	**–**	102.83
Sale of Investments in equity shares (refer Note 17 of Schedule 16)		
Mastek (UK) Ltd.	**4,914.54**	–
Commission expenses		
Mastek (UK) Ltd.	**72.83**	56.39
Reduction of capital		
Mastek GmbH, Germany	**261.42**	–
Purchase of Business operations		
Keystone Solutions Private Limited	**–**	2,036.00
Investment in Equity Shares		
MajescoMastek	**1,808.75**	2,979.46
Mastek Msc Sdn Bhd	**–**	487.76
MajescoMastek Canada Ltd.	**900.53**	447.09

(₹ in Lakhs)

	Transactions during the year ended	
	June 30, 2011	June 30, 2010
Remuneration to Key Management Personnel		
- Sudhakar Ram	**116.19**	175.12
- R. Sundar	**73.78**	73.38

(₹ in Lakhs)

	Closing Balance as at	
	June 30, 2011	June 30, 2010
Outstanding receivables		
Mastek (UK) Ltd.	**1,906.97**	2,532.80
MajescoMastek	**823.52**	1,157.76
Others	**1.50**	123.18
Corporate guarantees given on behalf of subsidiaries		
Mastek (UK) Ltd.	**42,828.87**	36,462.26
MajescoMastek	**1,788.00**	4,180.05
MajescoMastek Canada Ltd.	**2,411.84**	967.53
Mastek MSC Thailand Co. Ltd.	**229.34**	153.49
Investments in Equity shares		
MajescoMastek	**11,565.47**	14,392.14
Others	**3,451.75**	3,474.04

Note:

The disclosures given above have been reckoned on the basis of information available with the Company.

9. SEGMENTS

The Company has presented data relating to its segments in its consolidated financial statements which are presented in the same annual report as Mastek Limited. In terms of provisions of Accounting Standard (AS) 17 – 'Segment Reporting', no disclosures related to segments are presented in these stand alone financial statements.

10. EARNINGS PER SHARE (EPS)

The components of basic and diluted earnings per share are as follows:

	As at June 30, 2011	As at June 30, 2010
- Net (loss)/income available to equity shareholders (₹ in Lakhs)	**(133.43)**	3,699.84
- Weighted average number of outstanding equity shares		
Considered for basic EPS	**26,950,108**	26,923,796
Add: Effect of dilutive issue of stock options	**322,025**	168,742
Considered for diluted EPS	**27,272,133**	27,092,538
- (Loss)/Earnings per share (net of taxes) in ₹		
Basic	**(0.50)**	13.74
Diluted *	**(0.50)**	13.66
(Nominal value per share ₹ 5/- each)		

*The effect of potential equity shares on the net loss for the year is anti-dilutive hence the diluted EPS is same as the basic EPS.

11. MICRO, SMALL AND MEDIUM ENTERPRISES

There are no dues to micro, small and medium enterprises which are outstanding at the Balance Sheet date. The information regarding micro, small and medium enterprises has been determined on the basis of the information available with the Company. This has been relied on by the auditors.

12. DIRECTORS' REMUNERATION

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
Directors' Remuneration		
Salary	**151.26**	211.37
Contribution to Provident Fund	**8.21**	8.21
Perquisites	**30.50**	28.92
Sitting Fees	**5.90**	4.60
Total	**195.87**	253.10
Commission to Wholetime Director (see Note No. 13 below)	**–**	–
Commission to Non Wholetime Director (see Note No. 13 below)	**–**	26.00
Total	**–**	26.00
Grand Total	**195.87**	279.10

(a) Provision for gratuity and leave encashment benefit which is based on actuarial valuation carried out on an overall basis for the Company, has been excluded from the above remuneration.

(b) Also refer Note 20 of Schedule 16.

13. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT, 1956 AND COMMISSION PAYABLE TO DIRECTORS:

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
(Loss)/Profit before tax as per Profit and Loss Account	**(557.34)**	2,398.88
Add:		
Managerial Remuneration (excludes sitting fees)	**189.97**	274.50
Depreciation charge as per accounts	**2,713.09**	2,475.62
Loss on scrapped assets as per accounts	**3.08**	1.02
Provision for doubtful debts	**21.91**	55.98
	2,370.71	5,206.00
Less:		
Depreciation under Section 350 of the Companies Act, 1956*	**2,713.09**	2,475.62
Profit on sale of Investment in subsidiary	**279.12**	–
Profit on sale of investments (current, non-trade)	**0.90**	0.03
Net (loss)/profit as per Section 349 of the Companies Act, 1956	**(622.40)**	2,730.35
Maximum commission allowable to Non-Wholetime Directors as per the Companies Act, 1956 at 1%	**–**	27.30
Commission payable to Non-Wholetime Directors, restricted by the Board of Directors to	**–**	26.00
Total commission payable	**–**	26.00

*The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV.

14. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

(i) The Company is engaged in the development of computer software and other software related services. Considering the nature of business, certain details required under Part II of schedule VI are not applicable.

(₹ in Lakhs)

		Year ended June 30, 2011	Year ended June 30, 2010
(ii)	**Value of Imports on C.I.F basis**		
	Capital Goods	**1,594.02**	296.57
(iii)	**Expenditure in Foreign Currency**		
	(Including expenditure incurred by the Company's overseas branch)		
	Salaries, bonus and incentives	**10,021.19**	13,569.92
	Travelling and conveyance	**692.99**	1,011.79
	Consultancy charges	**2,856.08**	1,561.30
	Professional fees	**131.13**	354.55
	Advertisement and publicity	**0.93**	40.53
	Communication charges	**58.76**	85.65
	Electricity	**5.71**	8.15
	Insurance	**16.85**	25.68
	Printing and stationery	**5.11**	8.47
	Rates and Taxes	**20.54**	16.00
	Recruitment and training expenses	**2.78**	7.09
	Rent	**131.79**	138.81
	Repairs – Machinery	**137.31**	147.92
	Repairs – Buildings	**4.49**	0.84
	Bad Debt Written off	**50.68**	–
	Purchase of hardware and software for resale	**393.40**	–
	Miscellaneous expenses	**12.25**	4.45
	Commission	**72.83**	56.39
(iv)	**Earnings in foreign exchange**		
	Income from services	**29,971.17**	38,151.65
	Dividend from subsidiary	**3,181.79**	102.83
	Profit on sale of Investment in subsidiary	**279.12**	–
	Others	**11.71**	52.51

15. AUDITORS' REMUNERATION

Professional fees includes payment to auditors:

(₹ in Lakhs)

		Year ended June 30, 2011	Year ended June 30, 2010
i)	As auditor	**66.50**	66.50
ii)	As adviser	**–**	–
iii)	In any other matter	**–**	–
iv)	Out of pocket expenses	**2.10**	1.90

16. ACQUISITION OF KEYSTONE BUSINESS

The Board of Directors of the Company at its meeting held on May 9, 2009 had approved the acquisition of business activities pertaining to "Keystone Solutions Private Limited" ('Keystone'). Consequent to this, the Company had entered into a business transfer agreement dated June 8, 2009 and addendum to agreement dated August 1, 2009 with Keystone to purchase the entire business on a slump sale basis as a going concern for a total consideration of ₹ 2,036 Lakhs with effect from August 31, 2009.

On acquisition, the Company has recorded net assets of ₹ 1,905.68 Lakhs and the balance of ₹ 130.32 Lakhs is shown as Goodwill (to be amortized over a period of 3 years).

17. SALE OF INVESTMENT IN MAJESCOMASTEK, USA

During the year, the Company sold 55,035,000 equity shares of MajescoMastek, USA (a wholly owned subsidiary before this sale) to Mastek UK Ltd. (also a wholly owned subsidiary) for a total consideration of ₹ 4,914.54 Lakhs. After the sale, Mastek Ltd holds 70% of MajescoMastek and the balance 30% is held by Mastek UK Ltd.

Profit of ₹ 279.12 Lakhs arising from the transaction has been shown as 'Other Income' in the current year Profit and Loss account.

18. REDUCTION OF CAPITAL OF MASTEK GmbH

Pursuant to management decision to discontinue business operation in Germany, the share capital of Mastek GmbH (wholly owned subsidiary) has been reduced by ₹ 261.42 Lakhs (Euro 515,000) during the year to align with business requirements. Hence, the Investment of Mastek Ltd in Mastek GmbH stands reduced from ₹ 274.11 lakhs to ₹ 12.69 lakhs.

19. MERGER OF KEYSTONE SOLUTIONS LTD WITH MASTEK LTD.

The Scheme of Amalgamation of Keystone Solutions Private Limited (a wholly owned step down subsidiary) with the Company with appointed date as July 1, 2011 has been approved by the Boards of Directors of the respective Companies. Under the scheme, all assets and liabilities of Keystone will be transferred to and vested in the Company with effect from the appointed date. Since the entire share capital of Keystone is currently held by a wholly owned subsidiary of the Company, upon the scheme becoming effective, no shares will be issued by the Company as consideration in accordance with the scheme of amalgamation. The scheme is pending approval of the Jurisdictional High Court under Sections 391 to 394 of the Companies Act, 1956.

20. Excess managerial remuneration paid during the year to the Chairman & Managing Director and an Executive Director of the Company, aggregating ₹ 63.36 Lakhs and ₹ 22.40 Lakhs respectively, over the permissible limits as prescribed under Schedule XIII to the Companies Act, is subject to the approval of shareholders and Central Government of India. The Company intends to apply to the Central Government in this regard.

In the event that the Central Government approval is not received for the amounts mentioned above, these amounts will have to be refunded by such Directors. Had the Company paid managerial remuneration to these Directors as per the limits prescribed under Schedule XIII to the Companies Act, the loss for the year would have been lower by ₹ 85.76 Lakhs.

21. As per the annual practice to meet the requirement of tax legislation, the Company carried out a transfer pricing study for the year ended March 31, 2011 and has aligned its transfer prices for inter-Company transactions with the bench-marks obtained in the study. Accordingly, the additional revenue accruing to the Company pertaining to the previous period April to June 2011 amounting to ₹ 111.86 Lakhs has been recorded in the current financial year.

22. The previous year's figures have been regrouped/ reclassified, wherever necessary.

Signatures to Schedules 1 to 16

For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2011

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
Cash flows from operating activities		
Net (Loss)/Profit before tax	**(557.35)**	2,398.88
Adjustments for:		
Interest income	**(202.07)**	(252.49)
Income from investments	**(149.42)**	(131.90)
Employee stock compensation expense	**88.50**	57.00
Interest on finance lease	**4.58**	2.32
Loss on Investments written off	**–**	1.91
Depreciation and amortisation	**2,713.09**	2,475.62
Provision for doubtful debts	**21.91**	55.98
Bad debts written off	**50.68**	–
Dividend from subsidiary	**(3,181.79)**	(102.83)
Profit on sale of investments (current, non-trade)	**(0.90)**	(0.03)
Profit on sale of investments in subsidiary	**(279.12)**	–
Loss on sale of fixed assets (net)	**3.08**	1.02
Unrealised Foreign exchange (gain)/loss	**(364.63)**	644.43
Operating (loss)/profit before working capital changes	**(1,853.44)**	5,149.91
Decrease/(Increase) in sundry debtors	**1,273.39**	(167.63)
Decrease/(Increase) in loans and advances	**(26.50)**	(528.63)
Decrease in liabilities and provisions	**(295.28)**	(513.82)
Cash (used in)/generated from operations	**(901.83)**	3,939.83
Income taxes paid (net of refunds received)	**(396.34)**	(679.62)
Net cash (used in)/from operating activities	**(1,298.17)**	3,260.21
Cash flows from investing activities		
Proceeds from sale of fixed assets	**21.43**	28.47
Purchase of fixed assets, net of capital work-in-progress capitalised	**(2,483.30)**	(1,897.89)
Interest received	**202.07**	252.49
Dividend received from subsidiary	**3,181.79**	102.83
Investment in subsidiaries	**(2,709.27)**	(3,914.31)
Sale of shares in subsidiary	**4,914.54**	–
Reduction of share capital in subsidiary	**261.42**	–
Sale proceeds of current investments	**36,619.32**	67,018.72
Dividend from current investments	**149.42**	131.90
Purchase of current investments	**(40,828.42)**	(60,153.45)
Net cash (used in)/from investing activities	**(671.00)**	1,568.76

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2011 (Contd.)

(₹ in Lakhs)

	Year ended June 30, 2011	Year ended June 30, 2010
Cash flows from financing activities		
Proceeds from Issue of share capital	**11.29**	105.26
Payment of Lease obligation (net)	**(12.49)**	(1.22)
Dividends paid (including Corporate dividend tax)	**(393.71)**	(2,980.68)
Interest paid on finance lease	**(4.58)**	(2.32)
Net cash used in financing activities	**(399.49)**	(2,878.96)
Total (decrease) / increase in cash and equivalents during the year	**(2,368.66)**	1,950.01
Cash and cash equivalents at the beginning of the year	**4,163.78**	2,213.77
Cash and cash equivalents at the end of the year	**1,795.12**	4,163.78

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Assets acquired on lease - ₹ 48.77 Lakhs (Previous year ₹ 8.88 Lakhs) being a non-cash transaction has not been considered in cash flow statement.
3. Cash and cash equivalents includes ₹ 52.14 Lakhs (Previous year ₹ 53.10 Lakhs) restricted on account of unpaid dividend.
4. Figures in brackets indicate cash outgo.
5. Previous year's figures have been regrouped/reclassified wherever necessary.

This is the cash flow referred to in our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai
Dated: July 25, 2011

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	04-5215	State code	04
Balance Sheet Date	30-Jun-11		

II. Capital Raised during the Year (Amount in ₹ Thousands)

Public Issue	–	Rights Issue	–
Bonus Issue	–	Private Placement*	36.00

*Options exercised by employees as per ESOP

III. Position of Mobilisation and Deployment of Funds - (Amount in ₹ Thousands)

Total Liabilities	3,782,665	Total Assets	3,782,665
Source of Funds			
Paid-Up Capital	134,756	Reserves & Surplus	3,642,654
Secured Loans	5,255	Unsecured Loans	–
Application of Funds			
Net Fixed Assets	1,102,368	Investments	2,119,994
Deferred Tax Assets	178,101	Net Current Assets	382,202
Accumulated Losses	–		

IV. Performance of Company (Amount in ₹ Thousands)

Turnover (including other income)	4,132,304
Total Expenditure	4,188,039
Profit/Loss before Tax	(55,735)
Profit/Loss after Tax	(13,344)
Earning Per Share in ₹	(0.50)
Dividend rate %	–

V. Generic Names of Three Principal Products / Services of Company

(as per monetary terms)

Item Code No. (ITC Code)	85249113
Product Description	Computer software and consulting services

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Mumbai
July 25, 2011

Bhagwant Bhargawe
Company Secretary

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Information relating to subsidiaries as at June 30, 2011

(₹ in Lakhs)

Sr. No.	Name of the Subsidiary Company	Reporting currency	Exchange rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit/ (Loss) before tax	Provision for tax	Profit/ (Loss) after tax	Proposed dividend	Country
1.	Mastek (UK) Limited	GBP	71.553	143.11	11,107.62	15,122.11	3,871.39	–	25,571.59	1,257.88	348.51	909.37	–	UK
2.	MajescoMastek, USA	USD	44.700	164.00	15,065.11	19,234.79	4,005.67		14,640.65	278.39	55.97	222.42		USA
3.	Mastek GmbH	EUR	64.740	16.19	26.67	45.68	2.82	–	1.58	(2.70)	(0.00)	(2.70)	–	Germany
4.	Mastek Asia Pacific Pte. Ltd.	SGD	36.380	1,327.87	(911.17)	500.00	83.29	–	431.49	21.29	–	21.29	–	Singapore
5.	Mastek MSC Software Sdn Bhd.	RM	14.805	1,667.34	218.97	1,986.24	99.93	–	1,012.50	(30.88)	(4.69)	(26.19)	–	Malaysia
6.	Mastek MSC (Thailand) Co. Ltd.	BAHT	1.455	101.85	(96.22)	191.93	186.29	–	81.63	(30.46)	–	(30.46)	–	Thailand
7.	MajescoMastek Canada Ltd.	CAD	46.228	1,555.01	(943.98)	1,266.02	654.99	–	1,562.73	(306.90)	166.84	(473.74)	–	Canada
8.	Vector Insurance Services LLC	USD	44.700	416.84	(784.62)	227.01	594.79	–	903.78	105.22	–	105.22	–	USA
9.	Systems Task Group International Limited	USD	44.700	1.22	1,389.58	3,409.82	2,019.03	–	8,508.54	(285.00)	(84.04)	(200.96)	–	USA
10.	Keystone Solutions Pvt. Ltd.	INR	1.000	106.05	2,118.93	2,232.13	7.15	–	161.21	148.14	21.20	126.94	–	India

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on June 30, 2011

Mumbai
July 25, 2011

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Bhagwant Bhargawe
Company Secretary

CORPORATE GOVERNANCE REPORT

PART - I CLAUSE 49 OF LISTING GUIDELINES

Mastek has always strived to go beyond the statutory and regulatory requirements of corporate governance. Our endeavor is to follow good governance in spirit than mere compliance with the codes on corporate governance.

A. Company's Philosophy

The Company's philosophy of Corporate Governance is that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in preserving shareholders' interest, while maximizing long-term shareholder value.

B. Board of Directors

(i) Composition of the Board

The composition of the Board is evenly placed, that is, of the eight members, four are promoter-directors and the other four are Independent Directors.

(ii) Number of Board Meetings

During the year ended June 30, 2011, there were eight Board Meetings, which were held on July 20 & 21, 2010, October 13 & 14, 2010, January 17 & 18, 2011, April 15, 2011 and June 23, 2011.

(iii) Directors' Attendance and Directorships Held

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM on October 1, 2010	No. of other Directorships in other Cos.	No. of Committees Memberships/ Chairmanship in other Cos.	No of Board Committees of Mastek on which member
Mr. Sudhakar Ram	Chairman and Managing Director (Promoter)	8	Yes	3	Nil	1
Mr. Ashank Desai	Non-Executive Director (Promoter)	8	Yes	7	Nil	2
Mr. Ketan Mehta	Non-Executive Director (Promoter)	8	No	6	Nil	Nil
Mr. R. Sundar	Executive Director (Promoter)	8	No	1	Nil	1
Mr. Raj Nair (Resigned with effect from July 20,2010)	Non-Executive Director (Independent)	1	No	6	Nil	Nil
Mr Diwan Arun Nanda (Resigned with effect from July 25, 2011)	Non-Executive Director (Independent)	7	Yes	12	2	Nil
Mr. Amit Shah (Resigned with effect from January 18, 2011)	Non-Executive Director (Independent)	–	No	Nil	Nil	Nil
Mr. Anil Singhvi	Non-Executive Director (Independent)	7	Yes	9	1 - Chairman 3 - Member	2
Dr. Rajendra Sisodia (Joined with effect from July 20, 2010)	Non-Executive Director (Independent)	5	No	Nil	1	Nil
Ms. Priti Rao (Joined with effect from January 17, 2011)	Non-Executive Director (Independent)	4	No	Nil	1	1
Mr. Venkatesh Chakravarty (Joined with effect from June 23, 2011)	Non-Executive Director (Independent)	1	No.	1	Nil	1

Notes:

1. None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.
2. Particulars of Directors retiring by rotation and seeking reappointment have been given in the Notice convening the 29th Annual General Meeting and explanatory statement, attached hereto.
3. The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors Grievance Committee.

Pecuniary Relationship or Transactions with Non-executive Directors

Mr. Ashank Desai, Mr. Ketan Mehta, Non-Executive Directors, who are the co-promoters, receive dividend on their investment in the Company. Mr Ashank Desai, Non- Executive Director was paid ₹ 7.37 Lakhs towards perquisites as per the approval of the Ministry of Corporate Affairs, New Delhi.

(iv) **Code of Conduct for Directors and Senior Management**

The Company is having a code of conduct for Directors and Senior Management of the Company respectively. The said codes have been posted on the Company's website.

C. Profile of Independent Directors

1. Ms. Priti Rao:

Ms. Rao is a post graduate in Computer Science from the Indian Institute of Technology (IIT), Mumbai. In her 24 years of diverse experience, building and delivering a range of IT services for customers located across five continents, Ms. Rao has held very senior positions with global teams for best of breed IT companies. She has had long innings with Infosys as a senior executive heading the Pune development centre and heading their infrastructure services business.

Ms. Priti Rao is widely recognized as an accomplished business leader and was conferred with the prestigious "IT woman of the year award" for 2002 by the Computer Society of India, and also the "Pune 2007 Super Achievers Award" in August 2007.

The Board appointed Ms. Priti Rao on January 17, 2011, as Additional Director.

She does not hold any shares in the Company.

2. Mr. Venkatesh Chakravarty:

Mr. Chakravarty is the Head of Life & Health business and a Director on the board of Swiss Re Services India Private Limited.

He is qualified as an Associate member of the Chartered Insurance Institute, UK (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management studies and a Bachelor of Arts degree in Economics.

He joined Swiss Re Life & Health in September, 1998 as a Business Development Manager in London, responsible for Life & Health business in India. He worked in Swiss Re, London for nearly a year before assuming responsibility in Swiss Re, Mumbai office.

Prior to Swiss Re, he worked for KPMG, India and was responsible for setting up their insurance practice in India. He carried out several strategic consulting assignments for the local insurers, potential new entrants, and financial institutions. He was promoted to the position of an Associate Director in April 1997.

He also worked for Eagle Star International Life in the Middle East and played a key role in setting up their branch operations in Bahrain.

His initial stint in Life insurance was with LIC where he worked in the capacity of an Administrative officer and later on as a Branch Manager before moving to the Middle East to take on some new challenges.

The Board appointed Mr. Chakravarty on June 23, 2011 as Additional Director.

He does not hold any shares in the Company.

3. Dr. Rajendra Sisodia:

Dr. Sisodia is Professor of Marketing at Bentley University (USA) and was previously Trustee Professor of Marketing and the Founding Director of the Center for Marketing Technology. He is also the Founder and Chairman of the Conscious Capitalism Institute.

Dr. Sisodia is an electrical engineer from BITS, Pilani, has an MBA in Marketing from the Bajaj Institute of Management Studies in Mumbai and a Ph. D. in Marketing & Business Policy from Columbia University, where he was the Booz Allen Hamilton Fellow. Dr. Sisodia has authored several books and published over 100 articles (in publications such as the Harvard Business Review, Journal of Business Strategy, Journal of Marketing, and others).

He does not hold any shares in the Company.

4. Mr. Anil Singhvi:

Mr. Anil Singhvi is a Chartered Accountant by profession. He was the Vice Chairman of Reliance Natural Resources Ltd. Prior to joining Reliance ADA Group, Mr. Singhvi was the Managing Director of Ambuja Cements Ltd. Mr. Singhvi played a key role in the making of Ambuja Cements. His contribution to the Company was tremendous both in terms of its meteoric rise in the cement industry and also becoming the undisputed leader.

Mr. Anil Singhvi is on Boards of various companies, some of which are Camlin, Hindustan Construction Co. Ltd., HCC Infrastructure Co. Ltd., Future Capital Holdings Ltd., Subex Ltd. and IDFC Securities Ltd. He is the Member and Director of I-Can Investment Advisors, an Indian financial advisory firm.

He does not hold any shares in the Company.

Note: None of the above Directors is in any other capacity related to or connected with the Company or its promoters

D. Audit Committee

(i) Terms of Reference

The terms of reference of the Audit Committee are as follows:

(a) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

(b) Recommend the appointment and removal of the statutory auditor, fix audit fee and also grant approval for payments for any other services.

(c) Review with the management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.
- Major accounting entries based on the exercise of judgment by management.
- Qualifications in the draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions, i.e., transactions of the Company of a material nature, with promoters and the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

(d) Review with the management, external and internal auditors the adequacy of internal control systems.

(e) Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

(f) Discuss with internal auditors any significant findings and follow-up action.

(g) Review with the management the quarterly financial statements before submission to the Board for approval.

(h) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or failure of internal control systems of a material nature and report the matter to the Board.

(i) Discuss with external auditors before the audit commences about the nature and scope of audit and have post-audit discussion to ascertain any area of concern.

(j) Review the Company's financial and risk management policies.

(k) Look into the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in the case of non-payment of declared dividends) and creditors.

(l) Review the functioning of the whistle-blower mechanism.

The minutes of the Audit Committee are circulated to the Board of Directors. The Chairman of the Audit Committee apprises the Board on the recommendations made by the committee. Further, at the beginning of the financial year, the Committee prepares fresh plans for the internal audit. It discusses the areas covered by the internal audit and recommends the scope of audit for the current year. The Committee reviews the performance of the internal and external auditors and advises the Board on the re-appointment of internal and statutory auditors.

The Audit Committee Charter is reviewed at the beginning of every year. The Board of Directors approved the Audit Committee Charter for the year 2011-12 at its meeting held on July 25, 2011.

(ii) Composition

Mastek has an Audit Committee that currently comprises of three Independent Directors and a promoter Director. The Independent Directors are accomplished professionals from the corporate fields. The Group Chief Financial Officer and Finance Director and the Chief Financial Officer of the Company attend the meetings on invitation. The Company Secretary is the Secretary of the Committee.

The Committee met four times during the year on July 20, 2010, October 13, 2010, January 17, 2011 and April 15, 2011. The attendance of the members at the meetings is stated below:

Name of Member	Status	No. of Meetings attended
Mr. Anil Singhvi	Chairman	3
Mr. Diwan Arun Nanda	Member	4
Mr. Raj Nair	Member	1
Mr. Amit Shah	Member	–
Mr. Ashank Desai	Member	4
Ms. Priti Rao	Member	1
Mr. Venkatesh Chakravarty	Member	–

The Chairman of the committee is Mr. Anil Singhvi. The members of the committee are Mr. Ashank Desai, Ms. Priti Rao and Mr. Venkatesh Chakravarty.

The meetings are attended by Internal Auditors and Statutory Auditors. The Committee's observations are followed up with the respective departments and the follow-up actions are reported to the Committee at the subsequent Committee meetings. Internal auditors attend the Committee meetings on invitation. The Committee, along with the Statutory Auditors, review the quarterly, half-yearly and annual results at the Audit Committee meetings before submitting to the Board of Directors.

E. Remuneration of Directors

The Board of Directors decides and approves the remuneration of Non-Executive Directors.

Details of Remuneration of Non-Executive Directors for the year ended June 30, 2011: (In ₹)

Name	Perquisites (₹)	Sitting Fees (₹)	Commission (₹)	Total (₹)
Ashank Desai	7,36,797	–	–	7,36,797
Anil Singhvi	–	1,70,000	–	1,70,000
Raj Nair	–	30,000	–	30,000
Diwan Arun Nanda	–	1,80,000	–	1,80,000
Amit Shah	–	–	–	–
Priti Rao	–	90,000	–	90,000
Rajendra Sisodia	–	1,00,000	–	1,00,000
Venkatesh Chakravarty	–	20,000	–	20,000

Subject to the Approval of the shareholders and Ministry of Corporate Affairs, the Board of Directors decided to appoint Mr. Ashank Desai, Non-Executive Director, as advisor to the Company for a period of two years at a fee of ₹ 24 lacs per annum plus applicable Taxes with effect from July 1, 2010. Approval from Ministry of Corporate Affairs is awaited.

Criteria of payment of remuneration to Non-Executive Directors, subject to availability of Profits, calculated under Section 309 read with Section 349 & 350 of the Companies Act 1956:

Non-Executive Directors will have the following remuneration structure:

1. 50% - fixed

2. 50% - variable, based on the number of Board meetings attended.

The total remuneration paid to all Independent Non-Executive Directors will have an upper limit of 1% of net profit of the Company.

In view of the Company having inadequate profits, no commission is payable to the Non-Executive Directors.

Number of options/equity shares held by Independent Directors as on June 30, 2011:

Name of Director	No.of Options	No.of equity shares
Raj Nair	38,307	6,666
Diwan Arun Nanda	28,307	9,436
Amit D.Shah	58,307	8,000
Anil Singhvi	26,944	Nil
Raj Sisodia	26,944	Nil
Priti Rao	29,600	Nil

Number of equity shares held by other Non-Executive Directors with their relatives as on June 30, 2011

Serial no	Name of the Director	Number of shares
1	Ashank Desai	3,407,952
2	Ketan Mehta	3,006,300

F. Share Transfer cum Investor Grievance Committee

(i) Terms of Reference

To redress the grievances of shareholders and investors, such as transfer of shares, non-receipt of annual reports, dividends etc.

(ii) Composition

The Chairman of the Committee is Mr. Ashank Desai. The members of the committee are Mr. Sudhakar Ram, Mr. Anil Singhvi and Mr. R. Sundar. The Company Secretary is the Secretary of the Committee.

The Committee meets periodically to review grievances and to consider requests for share transfer/ transmission etc.

The Committee met 5 times during the year.

The section on investor information elsewhere in this report deals with the correspondence and grievances received from investors.

OTHER COMMITTEES

G. Compensation Committee

(i) Terms of Reference

The Compensation Committee decides and formulates detailed terms and conditions of the Employees' Stock Option Plan, which is governed by the guidelines issued by SEBI in June 1999 and as amended from time to time. The Committee finalizes the stock options to be granted to the employees and Directors of the Company under the scheme, and finalization of incentive plan. The Committee also recommends the compensation structure of the Directors to the Board.

(ii) Composition

The Chairman of the Committee is Dr. Rajendra Sisodia. The members of the committee are Mr. Ketan Mehta, Ms. Priti Rao and Mr. Venkatesh Chakravarty.

The Committee met 4 times during the year.

H. Governance Committee

(i) Terms of Reference

- To develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company, to review these principles periodically and to monitor compliance with those principles.
- To review and approve new policies relating to corporate governance and to review current policies and practices and recommend improvements.
- To develop norms for evaluation of the Board of Directors.
- To recommend the areas of training needed for Board members.

(ii) Composition

The Chairman of the Committee is Mr. Ashank Desai. The members of the committee are Mr. Ketan Mehta, Ms. Priti Rao and Mr. R. Sundar.

The Committee met 4 times during the year under review.

I. Nomination Committee

(i) Terms of Reference

The Committee oversees the Company's nomination process for the Senior management and the Non-Executive Directors. The committee will review all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it deems fit and appropriate, passing on the recommendations for the nomination to the Board.

(ii) Composition

The Chairman of the Committee is Mr. Sudhakar Ram. The members of the committee are Mr. Anil Singhvi, Mr. Ketan Mehta and Dr. Rajendra Sisodia.

The Committee met twice during the year under review.

J. Corporate Directions Committee

(i) Terms of Reference

The Committee is responsible for establishing Vision, Mission, Values and 5 year direction and goals of the Company.

(ii) Composition

The Chairman of the Committee is Mr. Sudhakar Ram. The members of the committee are Dr. Rajendra Sisodia, Mr. R. Sundar and Mr. Venkatesh Chakravarty.

K. General Body Meetings

(i) Particulars of Annual General Meetings held during the last three years:

Financial Year	Date	Time	Location
2009-10	October 1, 2010	3.00 P.M	Gajjar Hall, Ahmedabad
2008-09	October 1, 2009	3.00 P.M	Gajjar Hall, Ahmedabad
2007-08	October 6, 2008	3.00 P.M	Gajjar Hall, Ahmedabad

(ii) Special Resolutions passed in 3 previous Annual General Meetings:

Annual General Meeting (AGM)	Special Resolutions
28th AGM	1. Appointment of Mr. Ashank Desai as an advisor. 2. Grant of options to the employees of the Company under ESOP Plan VI. 3. Grant of options to the employees of the subsidiary Companies under ESOP Plan VI. 4. Grant of options which are 1% or more of the issued capital of the Company under ESOP Plan VI.
27th AGM	1. Payment of certain benefits/ perquisites to Mr. Ashank Desai.
26th AGM	1. Payment of Commission to Non-Executive Directors. 2. Modification in the ESOP Scheme Plan IV granted to the Employees of the Company. 3. Modification in the ESOP Scheme Plan IV granted to the Employees of the Subsidiary Companies.

During the year ended June 30, 2011 no Special resolution was passed through Postal Ballot.

L. Notes on Directors seeking re-appointment

Name of Director	Ms. Priti Rao
Resume of the Director	• Ms. Rao is a post graduate in Computer Science from the Indian Institute of Technology (IIT), Mumbai. In her 24 years of diverse experience, building and delivering a range of IT services for customers located across five continents, Ms. Rao has held very senior positions with global teams for best of breed IT companies. She has had long innings with Infosys as a senior executive heading the Pune development centre and heading their infrastructure services business. • Ms. Priti Rao is widely recognized as an accomplished business leader and was conferred with the prestigious “IT woman of the year award” for 2002 by the Computer Society of India, and also the "Pune 2007 Super Achievers Award" in August 2007.
Year of Joining the Board	2011
Expertise in specific functional area	Experience in building and delivering a range of IT services for customers located across five continents.
Other Directorships	1. Systems Task Group International Ltd.
Chairman/member of committees of the Company	• Audit Committee – Member • Compensation Committee – Member • Governance Committee – Member
No of Board Meetings attended during the year	4
No of shares held in the Company	Nil

Name of Director	Mr. Venkatesh Chakravarty
Resume of the Director	• Mr. Chakravarty is the Head of Life & Health business and a Director on the board of Swiss Re Services India Private Limited. • He is qualified as an Associate member of the Chartered Insurance Institute, UK (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management studies and a Bachelor of Arts degree in Economics. • He joined Swiss Re Life & Health in September, 1998 as a Business Development Manager in London, responsible for Life & Health business in India. He worked in Swiss Re, London for nearly a year before assuming responsibility in Swiss Re, Mumbai office. • Prior to Swiss Re, he worked for KPMG, India and was responsible for setting up their insurance practice in India. He carried out several strategic consulting assignments for the local insurers, potential new entrants, and financial institutions. He was promoted to the position of an Associate Director in April 1997. • He also worked for Eagle Star International Life in the Middle East and played a key role in setting up their branch operations in Bahrain. • His initial stint in Life insurance was with LIC where he worked in the capacity of an Administrative officer and later on as a Branch Manager before moving to the Middle East to take on some new challenges.
Year of Joining the Board	2011
Expertise in specific functional area	Life Insurance, Management Consulting and Reinsurance.
Other Directorships	Swiss Re Services India Pvt.Ltd.
Chairman/member of committees of the Company	• Audit Committee – Member • Compensation Committee – Member • Corporate Directions Committee – Member
No of Board Meetings attended during the year	1
No of shares held in the Company	Nil

Name of Director	Dr. Rajendra Sisodia
Resume of the Director	• Dr. Sisodia is Professor of Marketing at Bentley University (USA) and was previously Trustee Professor of Marketing and the Founding Director of the Center for Marketing Technology. He is also the Founder and Chairman of the Conscious Capitalism Institute. • Dr. Sisodia is an electrical engineer from BITS, Pilani, has an MBA in Marketing from the Bajaj Institute of Management Studies in Mumbai and a Ph. D. in Marketing & Business Policy from Columbia University, where he was the Booz Allen Hamilton Fellow. Dr. Sisodia has authored several books and published over 100 articles (in publications such as the Harvard Business Review, Journal of Business Strategy, Journal of Marketing, and others).
Year of Joining the Board	2010
Expertise in specific functional area	Corporate Strategy and Leadership, Marketing Strategy, Measuring and Improving Marketing Productivity, Stakeholder Management.
Other Directorships	1. MajescoMastek
Chairman/member of committees of the Company	• Compensation Committee – Chairman • Corporate Directions Committee – Member • Nomination Committee – Member
No of Board Meetings attended during the year	5
No of shares held in the Company	Nil

Name of Director	**Mr. Anil Singhvi**
Resume of the Director	• Mr. Anil Singhvi is a Chartered Accountant by profession. He was the Vice Chairman of Reliance Natural Resources Ltd. Prior to joining Reliance ADA Group, Mr. Singhvi was the Managing Director of Ambuja Cements Ltd. Mr. Singhvi played a key role in the making of Ambuja Cements. His contribution to the Company was tremendous both in terms of its meteoric rise in the cement industry and also becoming the undisputed leader. • Mr. Anil Singhvi is on Boards of various companies, some of which are Camlin, Hindustan Construction Co. Ltd. and IDFC Securities Ltd. He is the Member and Director of I-Can Investment Advisors Pvt. Ltd., an Indian financial advisory firm.
Year of Joining the Board	2010
Expertise in specific functional area	Mr. Singhvi has over 28 years of experience in Finance and Corporate Strategies
Other Directorships	1. Hindustan Construction Company Limited 2. HCC Infrastructure Company Limited 3. Camlin Limited 4. IDFC Securities Limited 5. Future Capital Holdings Limited 6. Subex Limited 7. I-Can Investment Advisors Pvt. Ltd. 8. Mastek UK Ltd. 9. Karl Steiner AG
Chairman/member of committees of the Company	• Audit Committee – Chairman • Share Transfer cum Investor Grievances Committee – Member • Nomination Committee – Member
No of Board Meetings attended during the year	7
No of shares of the Company	Nil

Name of Director	**Mr. Sudhakar Ram**
Resume of the Director	• Mr. Sudhakar Ram is a gold medalist from Chennai University and he did his PGDM from the Indian Institute of Management, Kolkata, graduating with a silver medal in 1982. • He was conferred with the CNBC Asia "India Business Leader of the Year" Award in December 2007. He is a co-founder of Mastek Limited.
Year of Joining the Board	4th October, 1985
Expertise in specific functional area	He has about 28 years of experience in information technology and is an expert in the field of software and technology solutions for insurance, financial services and government, as well as outsourcing/off shoring.
Other Directorships	1) Mastek MSC SDN BHD, Malaysia 2) Mastek Asia Pacific Pte. Ltd., Singapore. 3) Ruralshores Business Services Pvt. Ltd.
Chairman/member of committees of the Company	• Corporate Directions Committee – Chairman • Nomination Committee – Chairman • Share Transfer and Investor Grievances Committee – Member
No of Board Meetings attended during the year	8
No of shares held in the Company together with relatives	3,058,608

Name of Director	**Mr. Radhakrishnan Sundar**
Resume of the Director	• Mr. Radhakrishnan Sundar, did his B.E. in electronics from the Regional Engineering College, Trichy after which he did his PGDM from the Indian Institute of Management, Ahmedabad in 1979. He worked for two years with HCL Ltd. after which he co-founded the Company.
Year of Joining the Board	14th May, 1982
Expertise in specific functional area	Extensive experience in the software industry. Actively participates in strategic initiatives.
Other Directorships	Keystone Solutions Pvt. Ltd.
Chairman/member of committees of the Company	• Governance Committee - Member • Corporate Directions Committee - Member • Share Transfer cum Investor Grievances Committee - Member
No of Board Meetings attended during the year	8
No of shares held in the Company together with relatives	2,033,800

M. Disclosures

1. Your Company has entered into agreements with its overseas and domestic subsidiaries to provide software development and IT-related services. These agreements are regularly reviewed for amendments.

RELATED PARTIES

The Company has entered into transactions with the following related parties:

Key Management Personnel: Mr. Sudhakar Ram (Chairman & Managing Director)
Mr. Radhakrishnan Sundar (Executive Director)

(₹ in Lakhs)

	Transactions during the year ended	
	June 30, 2011	June 30, 2010
Remuneration to Key Management Personnel		
- Mr. Sudhakar Ram	**116.19**	175.12
- Mr. Radhakrishnan Sundar	**73.78**	73.38

(₹ in Lakhs)

	Closing Balance as at	
	June 30, 2011	June 30, 2010
Remuneration payable to Key Management Personnel	**–**	–

1. Notes:
   i) The disclosures given above have been reckoned on the basis of information available with the Company.
   ii) Remuneration to key management personnel given above includes commission Nil (Previous year Nil)
2. Generally, there were no instances of non-compliance on any matter related to the capital markets.

N. Management's Discussion & Analysis forms part of the Annual Report. Investor information details are also provided separately in the Annual Report.

O. Means of Communication

1. Quarterly unaudited results are generally published in the Free Press Journal, and Aajkal. The quarterly unaudited results along with the press releases are made available on the website of the Company (www.mastek.com) and on the website of Bombay Stock Exchange (BSE) & National Stock Exchange of India Limited (NSE) on the day of the declaration of results. They are also made available to the investors by Fax on Demand. Other information relating to shareholding patterns, compliance with the requirements of corporate governance etc are posted on BSE/NSE website and on Mastek's website in the investors section.
2. Official news releases and transcripts of conference calls with the analysts after the quarterly results are displayed on the Company's website.
3. Shareholding pattern is displayed on the Company's website; the information is updated on a monthly basis.

P. Compliance with certain non-mandatory requirements

1. The Code of Business Conduct and Ethics which includes the Whistle Blower Policy and Conflict of Interest is in place. No employee of the Company was denied access to the Audit Committee.
2. The Company periodically reviews its corporate governance practices to match internationally accepted codes, which are briefly dealt in Part II.

PART – II

COMPLIANCE WITH OTHER CODES OF CORPORATE GOVERNANCE

Codes of best practice recommended by the Cadbury Committee for effective Corporate Governance

In December 1992, the Cadbury Committee published its Code of Best Practice. The recommendations, which largely reflected perceived best practices at the time, included separating the roles of CEO and chairman, having a minimum of three non-executive directors on the Board and the formation of audit committees. The code also advocated that institutional investors play a more active role in the promotion of good practice in corporate governance.

The Company substantially complies with the Cadbury Committee recommendations.

THE OECD principles of Corporate Governance

OECD is the Organization for Economic Co-operation and Development. The OECD principles of corporate governance were endorsed by OECD ministers in 1999 and have since become an international benchmark for policy makers, investors, corporations and other stakeholders worldwide. The principles have been thoroughly reviewed in 2004 to take account of recent developments and experiences in OECD member and non-member countries. The principles are a living instrument, offering non-binding standards and good practices as well as guidance on implementation, which can be adapted to the specific circumstances of individual countries and regions.

The Company complies with the relevant OECD principles.

Euroshareholders Corporate Governance guidelines, 2000

The European Shareholders Group, "Euroshareholders", is the confederation of European shareholders associations. It was founded in 1990 and is based in Brussels. At present, eight national shareholders associations are members of Euroshareholders. The Organization's overall task is to represent the interests of individual shareholders in the European Union.

The main objectives of Euroshareholders are:

To support harmonization at the EU level on issues such as minority shareholder protection, transparency of the capital markets and cross-border proxy voting.

To enhance shareholder value in European companies.

To support corporate governance issues at the European level.

In April 1999, the Organization for Economic Co-operation and Development (OECD) published its general principles on corporate governance. Euroshareholders guidelines are based upon the same principles, but are more specific and detailed.

The Company substantially complies with the guidelines, except the following:

"Companies should clearly state (in writing) their financial objectives as well as their strategy, and should include these in the Annual Report."

Combined Code of Corporate Governance

The Combined Code was derived from the Ron Hampel Committee's Final Report and from the Cadbury and Greenbury reports. The Combined Code is appended to the listing rules of the London Stock Exchange.

The stipulations contained in the Combined Code require, among other things, that the Boards should maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. They also required that the Directors should, at least annually, conduct a review of the effectiveness of the group's system of internal control and should report to shareholders that they have done so. The review should cover all controls, including financial, operational and compliance controls and risk management.

The Company substantially fulfils the requirements under the code, excepting that the chairman is a working Director and evaluation of performance of the Board is done on yearly basis. The Governance committee of the Board will take it forward.

PART – III UNIQUE FEATURES OF MASTEK'S POLICIES

Some of the unique policies which Mastek has been following:

– *Mastek's Board spends considerable time discussing corporate governance matters, including business ethics and best practices. On a quarterly basis, there is a corporate governance report comprising of internal reports and certifications on business risk management, financial planning & budgeting, financial risk mitigation & management, shareholder relationship, customer relationship, employee relationship, other stakeholder relationship and asset & IPR protection. The Board discusses the report at length at its meetings. In addition, the customer survey analysis, the employee survey analysis and the Investor survey analysis are placed at the Board meetings.*

– *Mastek informally conducts satisfaction surveys with analysts from leading domestic and foreign brokerage houses from time to time. The findings are used to stream line the Company's investor relations program and processes.*

– *Four of Mastek's non-executive Directors are independent and are not in any way related to the Company.*

PART – IV REPORT OF THE COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE

The Audit Committee of the Board consists of the following Directors:

Mr. Anil Singhvi – Chairman

Mr. Diwan Arun Nanda (resigned effective July 25, 2011)

Ms. Priti Rao

Mr. Ashank Desai

Mr. Venkatesh Chakravarty

The committee has, inter alia, the mandate to oversee the Company's financial reporting process and the disclosure of financial information in order to ensure that the financial statements are correct, sufficient and credible. The committee reviewed the independence of both the internal and the statutory auditors and expressed its satisfaction with the same. The Committee discussed the quality of the accounting principles as applied, and significant judgements affecting the financial statements, with the management as well as the internal and the statutory auditors of the Company. The Committee also discussed with the statutory auditors, without the presence of the management, the Company's financial disclosures and the quality of the Company's accounting principles as applied, underlying judgements affecting the financial statements, and other significant decisions made by the management in preparing the financial disclosures. The committee, relying on the review and discussions conducted with the management and the independent auditors, believes that the Company's financial statements are fairly presented in conformity with Indian Generally Accepted Accounting Principles in all material aspects. The committee is satisfied that it adequately meets with its responsibilities as recommended in the SEBI Code.

The committee had discussed with the Internal and Statutory Auditors the internal controls to ensure that the accounts of the Company are properly maintained and that accounting transactions are in accordance with prevailing laws and regulations. The committee reviewed the annual audit program and discussed with the auditors their findings and with the management, the follow-up actions. Nothing of a material nature was reported by the auditors.

The Committee has recommended to the Board, the audited stand alone and consolidated financial statements prepared as per Indian GAAP of Mastek Limited and its subsidiaries for the year ended June 30, 2011 be accepted by the Board as a true and fair view statement of the financial status of the group.

The Committee, reviewed the Foreign Exchange Exposure Status and Legal Compliance Status on quarterly basis and expressed its satisfaction with the same.

The committee reviewed and approved the Internal Audit Plan for the financial year 2011-12.

The committee recommended to the Board the appointment of Price Waterhouse, Chartered Accountants, as statutory auditors of the Company for the financial year ending June 30, 2012 and that the necessary resolutions for appointing them as auditors be placed before the shareholders.

Mr. Amit Shah resigned from the Committee effective January 18, 2011.

Mr. Anil Singhvi took over as the Chairman of the committee effective April 15, 2011. The members of the committee welcomed him and felt that his rich experience in Accounting, finance and taxation functions will make a valuable contribution to the committee.

Ms. Priti Rao and Mr. Venkatesh Chakravarty were inducted into the Committee on January 18, 2011 and June 23, 2011 respectively.

Mr. Diwan Arun Nanda resigned from the committee on July 25, 2011. The committee expressed its sincere appreciation for the valuable services rendered by Mr. Nanda during his association with the committee.

Mumbai,
July 25, 2011

Anil Singhvi
Chairman, Audit Committee

2. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE

The Investor Grievance Committee consists of the following Directors:

Mr. Ashank Desai - Chairman

Mr. Sudhakar Ram

Mr. Anil Singhvi

Mr. R. Sundar

The committee is headed by Mr. Ashank Desai, Non-Executive Director. The committee has the mandate to review and redress shareholder grievances and to attend to share transfers. The committee reviewed shareholder grievances, redressal of shareholder grievances and share transfers for the year and expressed satisfaction with the same. The committee also noted that the shareholding in dematerialized mode as on June 30, 2011 was 98.59%.

The Details of complaints resolved during the financial year ended June 30, 2011 are as follows:

Nature of Complaints	Received	Resolved	Closing
Dividend related	3	3	–

Mumbai,
July 25, 2011

Ashank Desai
Chairman,
Share Transfer cum Investor
Grievance Committee

Declaration regarding compliance with the code of conduct of the Company by Board members and senior management personnel

To the Members of Mastek Limited

This is to confirm that the Company has adopted Code of Conduct for the Board of Directors and senior management personnel of the Company, which is available at www.mastek.com.

I declare that the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct of the Company.

Mumbai,
July 25, 2011

Sudhakar Ram
Chairman and Managing Director

CERTIFICATE FROM PRACTISING COMPANY SECRETARY

ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

I have examined the compliance of conditions of Corporate Governance by Mastek Limited for the year ended June 30, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement. I state generally that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Transfer cum Investor Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sundaram & Co.

Prasanna Gupchup
Practising Company Secretary
Partner
C. P. No. 9900

Mumbai
July 25, 2011

SECRETARIAL COMPLIANCE REPORT

The Board of Directors
Mastek Limited
Mumbai

We have examined the registers, records, books and papers of Mastek Limited. (“the Company”) as required to be maintained under the Companies Act, 1956 (“the Act”), the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company (“the requirements”) for the year ended 30th June 2011. Based on our examination as well as information and explanation furnished by the Company to us and the records made available to us, we hereby report that:

1. The requisite statutory registers and other records as required under the Act and the Rules made there under have been maintained in accordance with the Act in physical and electronic mode as applicable.

2. The requisite forms, returns and documents required under the Act and the Rules made there under to be filed with the Registrar of Companies and other authorities have been duly filed.

3. The requirements relating to the meetings of Directors and its Committees thereof and of the shareholders, the minutes of the proceedings thereat have been duly complied with by the Company. The Company has a Board consisting of 8 members and the board had met 8 times and the minutes have been recorded properly in the minutes book maintained for the purpose. As required under the Listing Agreement and Companies Act the Company has the following Committees:

   - Audit Committee: The committee has met 4 times during the year under review. The minutes are recorded.

   - Share Transfer Committee cum Investor Grievance Committee: The committee had held 5 meetings and the minutes are properly recorded.

   - Compensation/Remuneration Committee: The committee had held 4 meetings and the minutes are properly recorded.

   - There are other non-mandatory committees like Governance Committee, Nominations Committee, Corporate Directions Committee and Buyback Committee.

   The Company has not passed any resolutions through the postal ballot route under the provisions of Section 192A and the rules made there under.

4. The re-appointments of Directors who retired by rotation during the period under review at the Annual General Meeting have been made in accordance with the requirements of the Act. Ms. Priti Rao was appointed as an Aditional Director on January 17, 2011. Mr. Amit Shah resigned from the Board on January 18, 2011. Mr. Venkatesh Chakravarty was appointed as an Additional Director on June 23, 2011. Mr. Diwan Arun Nanda resigned from the board on July 25, 2011. Mr. Ashank Desai, Non-Executive Director, was paid certain perquisites/facilities, the monetary value of the same did not exceed ₹ 15,00,000/- (Rupees Fifteen Lakhs only) as specified in the consent letter issued by the Government of India on an application made by the Company.

5. Due disclosures under the requirements of the statutes have been made by the Company. The Company had allotted 7,250 Equity Shares under ESOP schemes for its executives and employees, after complying with the provisions of the Companies Act and the Listing Agreements. The shares so allotted have been listed as required under the Listing Agreement. The Company has also complied with all the requirements of the Listing Agreements with the Stock Exchanges. The Company has complied with the provisions of SEBI (Disclosure & Investor Protection) Guidelines 2000.

6. The Company has complied with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended from time to time. The Company has received the information as required from the promoters & others and had filed statements with the stock exchanges under the regulation 8 (3) of the said Regulations within the stipulated period.

7. The Company has complied with the requirements of the Depositories Act 1996 pertaining to dematerialization of shares. As per information received from Sharepro Services (I) Pvt. Ltd, who were appointed by the Company as Registrars and Transfer Agents (R T A), no requests for rematerialization has come. The Company has not received any requests from any members holding physical shares for transfer/transmission/ transposition.

8. The Company has transferred the monies lying in unclaimed dividend account to the Investors’ Education and Protection Fund.

9. The Company has obtained credit facilities from Banks and the necessary compliances of the provisions of section 293(1) (a) and 293 (1) (d) of the Act are made. The Company has not created any charge during the year under review.

10. The Company has complied with the provisions of section 372A and other provision of the Act in respect of guarantees given, loans granted and investment made by way of Equity Shares in subsidiaries and other companies during the financial year ending 30th June, 2011. The Company has, wherever required, obtained the necessary approvals of the Board or Committee thereof, shareholders, the Central Government or other authorities as per the requirements of the Act.

11. The Company has neither accepted any Fixed Deposits nor borrowed by way of debentures. The dividends declared have been paid during the year. The Annual Return and the Annual Reports were duly filed as required under the Act. The Company has, therefore not defaulted in any of the provisions of Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as Directors of any other Company.

12. The Company has complied with the relevant clauses of the listing agreement with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, Corporate Governance Standards as prescribed in clause 49 of the Listing Agreement. The Company has complied with the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 as amended from time to time. The Company noted the Code of Conduct for Directors and other Senior Executives as required under the Clause 49 of the Listing Agreement.

13. The Company was not required to make any entries falling under Section 301 of the Companies Act during the year under

14. The Company has not during the period under review bought back any shares of the Company.

For V. Sundaram & Co.

Prasanna Gupchup
Practising Company Secretary
Partner
C. P. No. 9900

Mumbai,
July 25, 2011

INVESTOR INFORMATION

1. COMPANY OVERVIEW:

Incorporated in 1982, Mastek is a leading IT player with global operations providing enterprise solutions to businesses and governments worldwide. The Company architects, designs, develops, integrates and maintains strategic applications that create a tangible business impact at customers' end. The Company is currently focused on two verticals – Insurance and Government. Mastek has substantial experience and intellectual property in both these verticals.

Mastek is having its operations in the US, Europe and Asia Pacific. The Company was promoted by Mr. Ashank Desai, Mr. Ketan Mehta and Mr. R. Sundar. Mr. Sudhakar Ram joined the Company as Promoter Director during the year 1984.

Mastek had its IPO (Initial Public Offering) in December, 1992 and raised ₹ 422.1 Lakhs in gross aggregate proceeds. There was an additional public offering in March 1996 when it raised ₹ 720 Lakhs in gross aggregate proceeds.

2. EQUITY HISTORY:

EQUITY HISTORY:	Number of shares
Prior to Initial Public Offer	2,397,000 of ₹ 10/- each
Initial Public Offer in December, 1992	603,000 of ₹ 10/- each
Issued under Employees' Stock Option Plan till 1996	56,640 of ₹ 10/- each
Second Public Offer in March, 1996	400,000 of ₹ each
Bonus Shares in January, 2000	3,456,640 of ₹ 10/- each
Adjusted the above in view of sub-division of shares of ₹ 10/- into two shares of ₹ 5/- each	13,826,560 of ₹ 5/- each
Buy-back of shares in 2003-04 & 2004-05	399,848 of ₹ 5/- each
Bonus Shares in April, 2006	14,054,594 of ₹ 5/- each
Issued under Employees' Stock Option Plans from 2000-01 till 2008-09	1,078,283 of ₹ 5/- each
Shares Bought back from May, 2008 to June 30, 2008	1,483,232 of ₹ 5/- each
Shares Extinguished till June 30, 2008	915,714 of ₹ 5/- each
Issued under Employees' Stock Option Plans in 2009-10	44,443 of ₹ 5/- each
Issued under Employees' Stock Option Plans in 2010-11	7,250 of ₹ 5/- each

3. THE COMPANY'S EQUITY SHARES ARE LISTED ON THE FOLLOWING STOCK EXCHANGES:

National Stock Exchange of India Limited

Bombay Stock Exchange Limited

(i) All inquiries relating to the shareholder records, share transfers, transmission of shares, change of address, non-receipt of dividend, loss of share certificates, etc. should be addressed to:

The Share Transfer Agent:
Sharepro Services (I) Pvt. Ltd.
Samhita Warehousing Complex,
13AB, Gala No. 52,
Nr. Sakinaka Telephone Exchange,
Off. Andheri-Kurla Road,
Andheri (East),
Mumbai – 400 096
Phone: 67720300/6772 0372
Fax.: 2837 5646
e-mail: Sarita@shareproservices.com
Indira @shareproservices.com
Contact Person: Ms. Indira Karkera/
Ms. Sarita

(ii) **Share Transfer System:** The Company processes shares sent for transfer, transmission etc. every month. Transfers/ transmissions which are complete in all respects are registered and returned within 30 days of lodgement.

The Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Clause 47 (c) of the Listing Agreements of the Stock Exchanges. The Company has obtained quarterly certificates for the timely dematerialization of shares of the Company as per the requirement of the SEBI (Depositories & Participants) Regulations, 1996. These certificates have been submitted to the Stock Exchanges and the National Securities Depository Limited/Central Depository Services (India) Limited. The Company has also carried out Secretarial Audits for the Reconciliation of Share Capital as required under the Listing Guidelines every quarter and the quarterly secretarial audit reports issued by an independent Practising Company Secretary have been regularly filed with the Stock Exchanges.

(iii) Bank Details for Electronic Shareholdings:

While opening accounts with Depository Participants (DP), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. SEBI vide its circular no. DCC/FITTCIR-3/2001dated October 15, 2001, has advised that all companies should mandatorily use ECS facility wherever available. In the absence of availability of ECS facility, companies may use warrants for distributing the dividends. Vide its circular no. D&CC/FITTC/CIR-04/2001 dated November 13, 2001, SEBI has advised companies to mandatorily print the Bank Account details furnished by the Depositories on the dividend warrants. This ensures that dividend warrants, even if lost or stolen cannot be used for any purpose other than for depositing the money in the Account specified on the dividend warrants and ensures safety for the investors. Members are requested to furnish their Bank Account details to their DPs, if not already informed.

(iv) **Ministry Of Corporate Affairs, Govt of India** has issued circular No. 17/2011 dated 21st April 2011 and circular No. 18/2011 dated 29th April 2011 in respect of Green Initiative. Accordingly, Company sent a communication to all the members requesting them to give their E-mail IDs to their Depositary Participants (DPs), so that Annual report and other communications can be sent electronically to all the members.

Members, who have so far not informed the E-mail IDs to their DPs, are requested to do the same in the interest of environment.

4. ANNUAL GENERAL MEETING:

- Date and Time: September 23, 2011 at 11.30 a.m.
- Venue: Gajjar Hall, Nirman Bhavan,
  Law Garden, Law College Road,
  Ellis Bridge, Ahmedabad 380 009
  Gujarat, India

5. FINANCIAL CALENDAR:

- Financial reporting for the quarters ending–
  September 30, 2011: around October 20, 2011
  December 31,2011: around January 19, 2012
  March 31, 2012: around April 15, 2012
  June 30, 2012: around July 25, 2012

6. BOOK CLOSURE DATE: September 16, 2011 to September 23, 2011.
(Both days inclusive)

8. STOCK CODE:

Name of the Exchange	Scrip code	Reuters	Bloomberg
Bombay Stock Exchange	523704	MAST.BO	MAST@IN
National Stock Exchange	MASTEK	MAST.NS	MMAST@IN

9. LISTING FEES PAID: The Company has paid annual listing fees of the Stock Exchanges where the Company's shares are listed.

10. CAPITAL STRUCTURE:

Authorised Capital	Equity ₹ 200,000,000/-
	Preference ₹ 200,000,000/-
Issued, Subscribed and	
Paid-up Capital	Equity ₹ 134,755,935/-

11. DISTRIBUTION OF SHAREHOLDING AS ON JUNE 30, 2011

Distribution of holding as on 30/06/2011 for Mastek Limited

Range No of shares	Shareholders Numbers	%	Value ₹	%
1 – 500	17,319	91.66	7,957,980	5.90
501 – 1000	888	4.70	3,431,865	2.55
1001 – 5000	559	2.96	5,980,530	4.44
5001 – 10000	46	0.24	1,648,110	1.22
10001 and Above	82	0.44	115,737,450	85.89
Total	**18,894**	**100**	**134,755,935**	**100**

DISTRIBUTION OF SHAREHOLDING AS ON JUNE 30, 2010

Range No. of shares	Number of Shareholders	%	Value	%
1 – 500	14,483	91.97	6,046,645	4.49
501 – 1000	707	4.49	2,721,905	2.02
1001 – 5000	448	2.85	4,568,950	3.39
5001 – 10000	34	0.22	1,229,130	0.91
10001 and above	75	0.47	120,153,055	89.19
Total	**15,747**	**100**	**134,719,685**	**100**

12. Annual High-Low Price history for Previous Three Years

Fiscal Year	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	Price Per Equity share (₹)		Price Per Equity share (₹)	
	High	Low	High	Low
2011	311.50	88.70	311.95	89.05
2010	462	192	465.55	195
2009	390	97	399.95	96.60

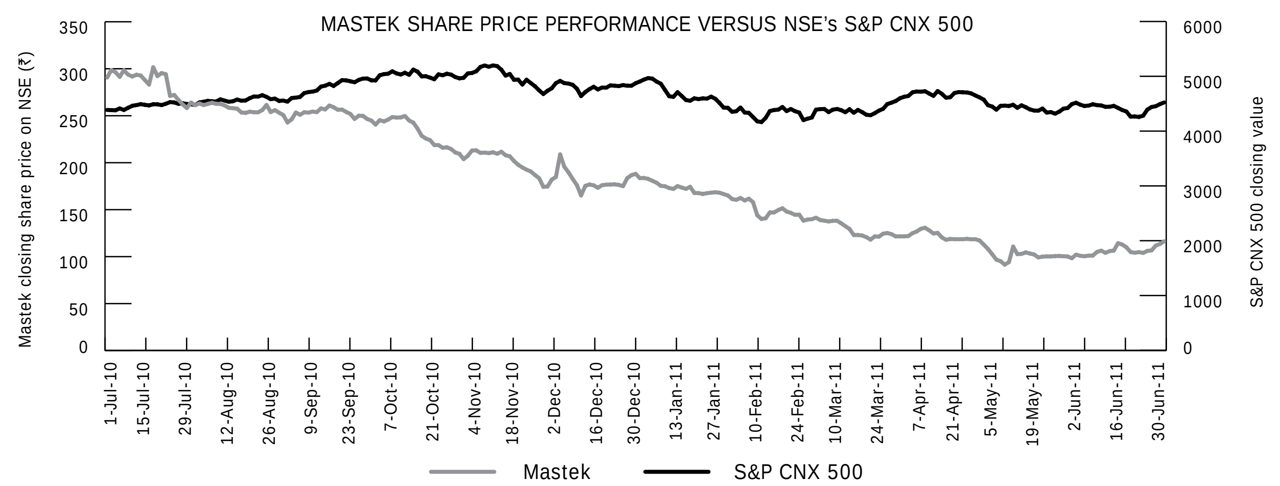
13. QUARTERLY HIGH-LOW PRICE HISTORY FOR PREVIOUS TWO YEARS

Fiscal Year	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	Price Per Equity share (₹)		Price Per Equity share (₹)	
	High	Low	High	Low
2011				
1st quarter	311.50	239.25	311.95	240.00
2nd quarter	253.90	161.00	253.50	160.00
3rd quarter	190.00	118.00	189.70	118.00
4th quarter	136.75	88.70	137.30	89.05
2010				
1st quarter	343	192	344.50	195
2nd quarter	462	254.20	465.55	255
3rd quarter	423	290.70	423.40	283.45
4th quarter	379	225	375.55	226.50

14. MONTHLY VOLUMES AND PRICES: FISCAL 2010-11

Month and year	BOMBAY STOCK EXCHANGE			NATIONAL STOCK EXCHANGE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Jul-2010	311.5	254.95	2,507,273	311.95	254.00	7,437,036
Aug-2010	272	243	305,508	271.70	241.10	1,212,104
Sep-2010	286.1	239.25	281,715	295.35	240.00	1,137,142
Oct-2010	253.9	204.1	382,594	253.20	202.60	1,283,249
Nov-2010	217.5	161	100,030	219.00	160.50	340,277
Dec-2010	218	161.35	582,132	218.40	160.00	1,585,686
Jan-2011	190	158	568,574	189.70	158.05	1,662,492
Feb-2011	172.9	132.1	70,452	169.00	135.00	168,062
Mar-2011	147	118	176,500	159.00	118.00	472,665
Apr-2011	136.75	116.2	1,079,978	137.30	115.35	2,543,300
May-2011	118.3	88.7	2,261,354	118.70	89.05	4,876,025
Jun-2011	122	98.05	2,057,289	122.40	97.20	5,371,739

MASTEK SHARE PRICE PERFORMANCE VERSUS NSE's S&P CNX 500



Note: Daily closing prices on the NSE have been considered for the comparison in above chart.
Source: www.nseindia.com

15. SHAREHOLDING PATTERN AS ON JUNE 30, 2011

	Category	No of Shares	% of Shareholding
1	Indian Promoters	11,506,660	42.69
2	Mutual Funds And UTI	19,600	0.07
3	Financial Institutions/Banks	2,510	0.01
4	Insurance Companies	3,336,300	12.38
5	Foreign Institutional Investors	6,176,441	22.92
6	Bodies Corporate	625,811	2.32
7	Individuals Holding Nominal Capital Upto ₹ 1 Lakh	3,417,146	12.68
8	Individuals Holding Nominal Capital More Than ₹ 1 Lakh	1,697,321	6.30
9	NRIs	169,398	0.63
	Grand Total	**26,951,187**	**100**

SHAREHOLDING PATTERN AS ON JUNE 30, 2010

	Category	No of Shares	% of Shareholding
1	Indian Promoters	11,506,660	42.71
2	Mutual Funds And UTI	21,371	0.08
3	Financial Institutions/Banks	70	0.01
4	Insurance Companies	3,408,854	12.65
5	Foreign Institutional Investors	8,530,181	31.66
6	Bodies Corporate	374,830	1.39
7	Individuals Holding Nominal Capital Upto ₹ 1 Lakh	2,617,369	9.71
8	Individuals Holding Nominal Capital More Than ₹ 1 Lakh	197,684	0.73
9	NRIs	286,918	1.06
	Grand Total	**26,943,937**	**100**

16. DETAILS ON PHYSICAL & ELECTRONIC MODE

Date	Status of Shares - Physical versus Electronic mode		
	Physical	**Electronic**	**Total**
June 30, 2011	381,310	26,569,877	26,951,187
June 30, 2010	385,011	26,558,926	26,943,937

17. OVERVIEW OF THE VOLUME OF CORRESPONDENCE HANDLED DURING THE YEAR ENDED JUNE 30, 2011:

	No of Letters
Investors' correspondence handled	
* Classification of correspondence handled	
1. General letters seeking information and advice	–
2. Cases of non-receipt despite proper dispatch of dividend Warrants and Share Certificates. (Complaints not amounting to grievance)	3
3. Complaints	–
Total	**3**

There were no pending transfers as on June 30, 2011.

18. INSTITUTIONAL SHAREHOLDERS WITH MORE THAN 1% HOLDING AS AT JUNE 30, 2011

Sr. No.	Name of the shareholder	No. of shares	%
1	Nalanda India Fund Ltd.	2,688,020	9.97
2	Fidelity Purita Trust Fidelity Low Priceed	2,025,000	7.51
3	Bajaj Allianz Life Insurance Company Ltd.	1,752,580	6.50
4	Life Insurance Corporation Of India	1,550,404	5.75
5	Dynamic Global Value Fund	735,136	2.73

19. Transfer to the Investor Education and Protection Fund

Pursuant to provisions of Section 205A(5) and Section 205C of the companies Act 1956 (the Act) the amount of Dividend of ₹ 142,797 for the financial year ended on June 30, 2004, which has remained unclaimed and unpaid for a period of seven years from the date of transfer of such amount to unpaid dividend account is required to be transferred to Investor Education and Protection Fund (IEPF) established by Central Government.

Accordingly the amount of dividend for the financial year ended June 30, 2004 which has remained unclaimed and unpaid for stipulated period is due to be credited to IEPF on October 26, 2011 and no claims shall lie against the IEPF or the Company in respect of such amounts after the date of transfer.

20. Information for shareholders on the Internet

The Company actively communicates it's strategy and the developments of it's business to the financial markets. The senior executives of the Company regularly meet the analysts. The press release, analysts' conference calls as well as the presentations at analysts meetings are organized by the Company. Decisions in such meetings are always limited to information that is already in the public domain. Please access the homepage at http://www.mastek.com and register yourself for regular updates.

21. Outstanding GDRs/ADRs/warrants or any convertible instruments

There are no outstanding GDRs/ADRs/warrants except for the stock options granted to the employees of the Company and its subsidiaries which shall be eligible for conversion over the vesting period. The options, when exercised, shall increase the equity share capital.

22. Off-shore Development Centers

The Company has Off-Shore Software Development Centers at SEEPZ, Mumbai, Mastek Millennium Center, Millennium Business Park, Mahape, Pune and Chennai.

23. Compliance Officer of the Company

Name: Mr. Bhagwant Bhargawe, Company Secretary

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Phone No: + 91-22-66952222
Fax: +91-22-66951331. E-mail: Bhagwant.Bhargawe@mastek.com

CORPORATE SOCIAL RESPONSIBILITY

Since inception, Mastek has always been a Company focused on building long-term relationships with our customers. And to a great extent we have been successful. This success is not by chance but by design. At an organization level, we have laid out 3 areas to ensure customer engagement and intimacy.

Organization structure

At Mastek we are structured to serve our customers.

This year we are realigning our various teams, including the sales & Marketing, solutions and delivery teams, to give one view of the organization and create solutions that deliver business value to our customers.

We encourage our account managers and program managers to build strong interpersonal relations with our customers, understand their business domain, vision and challenges. Our senior business managers and delivery heads meet with customer representatives on a regular basis to assess their satisfaction and needs.

Customer Intimacy Programs

At Mastek we organize various customer intimacy programs that gives our customers an opportunity to network and get-to-know a broader Mastek, its people and its capabilities. Such programs are frequently organized and are led by the Business Unit heads.

Mastek's leadership team also takes active participation in networking with our customers. This year we launched 'Executive Connections Program', a forum where the Mastek leadership team gets a chance to network with our C-level customers and partners. This program also helps our customers to understand Mastek's capabilities and focus areas.

Customer Satisfaction at Mastek

We at Mastek are always keen to understand our customers' views and elicit their suggestions on our performance and on the services we offer. To build a holistic picture of Mastek's engagement, we have implemented our Customer Satisfaction Survey so as to cover Relationship & Engagement Satisfaction, Service Delivery Satisfaction and Service Support Satisfaction.

This split up of the coverage gives us the required granularity to look into the various aspects of the engagements across the types of work that we undertake as well as gives us a much desired view of our engagements from across levels in the customers organization.

The last completed survey results have shown that our commitment to the client's business and vision through our work and interactions paid off as is reflected in the high levels of satisfaction observed.

As a part of the process, the results are analysed and published to unit heads, delivery leads and business heads. Corrective actions are identified and taken to ensure that customer satisfaction levels are improved in the next cycle.

People Practices

As Mastek grows and matures, the HR function within Mastek aims to serve two key purposes – one as an anchor and other as a rope. An anchor - that is rooted in the lasting values that have made Mastek the institution that it is today. A rope - that gives the organisation the flexibility and maneuverability to experiment and change in response to its competitive environment.

In keeping with this role, this past year we have continued to strengthen the HR programs that reassert the positive aspects of our unique culture and introduce new programs that help the organisation respond proactively to changing needs.

Below are some of the key highlights from the year gone by:

Employee Engagement through feedback and involvement

Employee Engagement is always a key focus area for us and this year we undertook a unique program called *'Coffee with Ashank'* wherein our Founding Director met with Grade 10 & 12 Mastekeers in India and APAC and dialogued with them on areas that can help strengthen engagement and improve Mastek as a workplace. The findings of these sessions were analysed and shared with senior leadership who identified key action areas based on the feedback and ideas shared by Mastekeers. These areas were tracked closely and many have been already implemented.

We also launched an all Employee Mastekeers' Engagement Survey in association with a third party vendor. We are in the process of seeking feedback on key engagement issues from all our employees globally and have already had over 80% participation. Once the survey closes towards end July, we will be analyzing the feedback closely and laying out the forward direction on Employee Engagement actions for the year to come.

Revising Promotions Policy to align it to business needs and better support Employee Growth & Development

Mastek's Promotion Policy was always a path breaker in terms of the empowerment and opportunities that it gave Mastekeers to identify growth paths for themselves and drive their careers in the direction of their choice while taking Mastek higher up the capability value chain.

In order to further strengthen this key process, we sought feedback from various stakeholders in the organsiation and worked with a Cross Functional Team to better align employee aspirations with business needs while helping Mastekeers gain clearer understanding of what it takes to move from one level to another. Some of the changes introduced were around creating visibility of current & future business needs, modifying roles to meet the present requirements and defining clear training & certification guidelines that will help Mastekeers in their growth & development.

Streamlining and Automating the Performance Management System

One of the key HR processes is the Performance Management System. This past year we have focused on streamlining the Performance Management S process through a fully automated online system.

The new fully automated Performance Management System has been designed and developed internally. It is a comprehensive yet easy to use application that ensures setting of high quality KRAs, enabling multiple assessments during the year to track individual performances and creating learning plans linked to learning & development of the resources among other things.

Rewards & Recognition

In order to strengthen engagement and provide opportunities for timely recognition of outstanding performances & behaviors that give us the winning edge, a new Awards Framework was released.

Our continuous endeavor through the year was to spot great performances by Mastekeers and ensure timely recognition of their work. In doing so we had almost 71% of the Mastekeers being recognized for their contribution to business through the various recognition channels available including heavily practiced spot recognition.

Prism Club – Engaging and Developing the Top Talent at Mastek

We stepped into the second year of the Prism Club with a renewed focus on creating meaning learning and development opportunities for our Top Talent and ensuring their continued engagement with Mastek.

We organized various learning sessions with Internal & external leaders wherein Prism Club Members got the opportunity to directly interact with and learn from a variety of leaders in various fields of expertise. Members were given opportunities to contribute to Mastek above and beyond their roles while providing exposure to work in different areas of the Organisation.

Creating alignment and pride through Impactful Communication

This past year, we continued our best practices in employee communication like Quarterly Meetings, Quarterly VC Specific Newsletters, Senior Leadership Buzz & Chats, Senior Managers Global Quarterly Con-call and Town Hall for Managers. To ensure that all important leadership communication is regularly shared with all our employees, we also have a Leadership Monthly Newsletter called ‘Insight’. This newsletter, which is available on our Intranet, enables all employees to hear directly from our Global Leaders and become aware of the happenings within the Company.

We host a quarterly poll on internal communication to garner feedback from employees on our practices of internal communication and their satisfaction with them. We are happy to share that the scores from these polls have been positive and have shown a higher level of awareness among Mastekeers about the key communication messages we intended to share over the year.

Learning and Development at Mastek

We strengthened the Learning and Development initiatives with customized solutions for Value Corridors based on their business requirements. This year also saw new programs being developed with involvement of line managers in the training process. We enhanced training methodologies by bringing in a blend of learning methods including collaboration tools and also launching training through webinars for onsite resources. In our focus of making meaningful contribution to employee development, the role based learning framework has also been defined.

As an employee engagement initiative this year we introduced GLOW (Gain, Learn, Outperform & Win). The purpose of this initiative was to co-create learning experiences and opportunities to enhance capabilities, bringing in more excitement around learning via various means, building technology versatility and acquainting employees with the latest in the market. Every quarter one specialization area was taken as a focus like Microsoft, Databases/BI and Testing. Various brain teasers, contests like smart solve, puzzles further added participation and competitive spirit among Mastekeers and made them think, design and learn in the whole process. The whole initiative was well received by Mastekeers with a good participation from Project experts and resulted in successful collaboration between various stakeholders.

Various specialized rare skill trainings were delivered based on the current business requirements. For example, Flex, ODI, Datastage, Cognos and various new technologies as per market trends. On Certifications front this year we enhanced the scope to accommodate ITIL and INS/CPCU certifications to cater to specific business requirements. ISTQB was another focus area to strengthen the certified testers pool in addition to our standard certifications offerings.

Compensation & Benefits and HR Operations

On Compensation & Benefits we executed the annual global revisions for 2010-11. A global Variable Pay plan was also formalized and individually communicated to all those who were goaled on specific targets/KRA's. The compensation and pay structure alignment of P&C resources was also successfully completed as part of the 2010-11 revisions. Consolidation of global compensation data was achieved and now there is a centralized data bank available with the Compensation and Benefits team.

Periodic Policy reviews have been happening and changes, in tune with current requirements and business needs, have been made to the Code of Business Conduct & Ethics (COBCE) and Whistle Blower Policies, Shift Allowance Policy, Mobile Phone Policy, India Leave Policy, Travel Policy and MAP Policy for APAC region.

Dedicated sessions have been conducted (and are being continued) for employees to increase awareness of the provisions and privileges under the COBCE & Whistle Blower Policies. This is now being made part of the regular employee induction for all new joinees. Apart from the regular employees, sub-contractors and direct contractors have also been specifically covered and oriented with the provisions of COBCE and Whistle Blower Policies.

An automated Visa tracking mechanism has been introduced to effectively track and monitor Visa management. Cost optimizing measures were introduced in the Travel area – viz. specified advance request schedules for booking international or domestic tickets, etc. The new joinee onboarding process has been enhanced through semi-automated processes whereby, the joining time formalities are considerably reduced for new joinees and they are handed over to the Delivery line in shorter time. MIS reporting for Manpower Statistics and Attrition tracking have also been streamlined thru semi-automated means.

Making a difference through Mastek Foundation

Mastek is committed to making a difference in the community by sensitizing and inspiring individuals to contribute to community issues. Our vision is to make every Mastekeer a holistic human being. We sensitize our employees to community issues mainly through the Mastek Foundation, whose activities include payroll giving, volunteering and supporting social initiatives.

In 2010-11, Mastek employees took part in various activities and events to contribute their mite to the community.

Joy of Giving Week

More than 20 Mastekeers participated in an artwork competition with the children of the NGO Prerana as part of Joy of Giving Week, between 26 September and 1 October. Each Mastek employee was paired with a child to put their vision of Diwali on paper. The Mastek Marketing team sponsored the event, prizes for the winners and gifts for every child. The enthusiastic participation at the venue was a sight to behold!

Celebrating Diwali with deprived kids

About 35 Mastekeers spent Diwali eve in 2010 at Aasra's shelter for orphaned and destitute street children at Airoli, distributing new clothes and gifts. The home has 32 boys aged between five and 18 years.

Lighting the lamp of knowledge

One flame has the potential to light a thousand candles; similarly, one knowledgeable person has the ability to illuminate hundreds of hearts and minds. Mastek Foundation persuaded Mastekeers to share

their learnings as working professionals with the boys of Aasra home. These homeless children were picked up from railway stations and desperately needed role models and academic motivation.

After a verbal session by an experienced employee, the children were taken on a tour of the Mastek Mahape office premises by trainees. This short but informative educational tour certainly made an impression on the children; it was a small step to channel their adolescent energy into productive directions.

Team L&G supports Read a Book campaign

Mastek Foundation's Read a Book campaign has been highly successful, with many Mastekeers coming forward to donate. The L&G team, comprising on-site and offshore members, raised ₹ 24,000 over a period of a month to support the cause at Children of the World, Nerul. The money was spent on a library for children from nearby slum communities and another for CDs for the tiny tots of the adoption centre. It was a very satisfying feeling for the team to spread the light of wisdom to young minds.

L&G Team library at Children of the world

Toy campaign for children

The formative years of childhood are the most impressionable phase of one's life. Playing is an essential component of growing up, and toys play a significant role in facilitating the proper development of children.

Mastek Foundation, in association with Toy Bank, spearheaded a campaign at Mastek to collect old and new toys. All the toys collected were sorted and wrapped at the office premises by Mastek volunteers.

These toys were distributed among 40 children of Mobile Creche's centre at Airoli on 7th December, 2010.

Health camp for adolescent girls

Mastek Foundation supported the Family Planning Association India's health camp for teenage girls of the Tilak Nagar slum in the suburb of Chembur in Mumbai on 18th December, 2010. The young girls were given a medical examination and subsequently counseled on women's issues. Four female volunteers from Mastek conducted the initial assessments like recording height and weight, filling questionnaires as required by the doctors, etc. They were a huge help for the NGO staff. It was also a unique experience for the participating Mastekeers.

The gift of life

Over 300 Mastekeers contributed over ₹ 5 lakh to Mahan Trust and Dr Ashish Satav to purchase a fully equipped ambulance to serve the deprived tribals of Melghat in Maharashtra. Small contributions from many helped make a big difference to many people.

Mastek and Mastek Foundation anniversary bash

A team of volunteers celebrated the 29th birthday of Mastek and the 7th anniversary of Mastek Foundation by taking 90 underprivileged children from the NGOs Prerana, Akanksha and Aarambh for a movie and a treat at a restaurant on Saturday, 14 May 2011.

The day began with volunteers taking the children to Cinemax for the movie Stanley Ka Dabba. After that, the group headed to McDonald's where they spent the next three hours, virtually taking over the place. The McDonald's Happy Meal indeed lived up to its name – the children were delighted and there was happy chattering everywhere. For the finale, the children and Mastekeers shook a leg to Bollywood numbers and shared some moves.

Greenovate – Mastek's sustainability initiatives

There have been growing concerns about environmental sustainability across the world. As a global citizen, Mastek has always taken its environmental responsibilities seriously. During the last quarter, we extended our vision to sustainable development.

To channel efforts towards sustainability, Mastek has constituted the Sustainability Forum, a cross-functional team headed by Ashank Desai. The first task the team accomplished was the formulation of the Environmental and Sustainability Policy for Mastek.

Based on the carbon footprint evaluation and carbon management plan suggested by the consultant agency, all light fixtures at the Mahape premises were replaced by compact fluorescent lamps (CFL). This has led to a reduction in power consumption by 2,300-2,500 units per month.

World Environment Week

Mastek commemorated World Environment Day on 5th June, 2011 by sensitizing employees across all locations through emailers during the entire week. The Green Wave campaign under Greenovate was well received and created a buzz amongst employees, making them think about the environmental impact of every act.

Spirit of Mastek Awards

Keeping with the tradition of awarding individuals who have gone beyond their call of duty, Mastek awarded some special people with the Spirit of Mastek awards. Dr Ashish Satav, Dr Girish Kulkarni and Mamoon Akhtar were presented the awards at the Mastek quarterly meeting last year.

Dr Satav is responsible for drastically reducing the infant mortality rate in the deep interior of the tribal areas of Melghat in Maharashtra. He, along with his wife Dr. Kavita, sacrificed a comfortable life to serve poor tribals.

Dr Kulkarni has been involved in the rescue and rehabilitation of minor girls from sexual traffickers. As the result of his efforts, Ahmednagar district of Maharashtra is free from the grip of the flesh trade.

Mamoon Akhtar runs the Samaritan Help Mission in Kolkata. He began by teaching one child rescued from the drug mafia and now has a school that educates 800 children in the infamous Tikiapara slums of Howrah.

NOTES

MASTEK LIMITED

Regd. Office: 804/405 President House, Opp. C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad-380 006.

REG.FOLIO NO.
DP ID – Client ID No.

PROXY FORM

NO. OF SHARES

I/We ....of .... being member/members of Mastek Limited hereby appoint ....of .... or failing him .... of .... or failing him ....of .... as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on September 23, 2011 or at any adjournment(s) thereof.

As witness my/our hand(s) this... day of 2011

Signed by the said ....

Affix one Rupee Revenue Stamp

Note: The Proxy form must be deposited at the Registered Office of the Company not less 48 hours before the time of holding the Meeting.

ATTENDANCE SLIP
ANNUAL GENERAL MEETING

Name of the attending Member/Proxy (in block letters) ....

Member's Folio No. / DP ID –Client ID No.: ....

No. of Shares held : ....

I hereby record my presence at Annual General Meeting held on September 23, 2011.

____

Member's / Proxy's Signature

1. PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN.
2. Share holders who come to attend the meeting are requested to bring their copies of the Annual Report with them.

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